



Daily Report

China

FBIS-CHI-93-025
Tuesday
9 February 1993

Daily Report

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General

UN Envoy Dismisses 'Lies' About Tibet

OW0902013593 Beijing XINHUA in English 0124
GMT 9 Feb 93

[Text] Geneva, February 8 (XINHUA)—Accusations by some organisations of human rights violations in Tibet were dismissed as lies and cheating by China yesterday.

Zhang Yishang, the vice-representative of China at the 49th session of the United Nations Human Rights Committee here, said the accusers were supporting a small number of former serf owners in their effort to return Tibet to the dark ages and split it from China.

He said that before the 1959 democratic reform, 95 percent of the Tibetan people were living under a system of serfdom worse than that in Europe during medieval times "under such a system, they could not be even assured of their life security, not to mention human rights," he said.

Millions of Tibetans, just as people of other nationalities in China, had been endowed since 1959, he stressed, with full rights of citizenship in the political, economic, social and cultural fields.

Clinton's Comments on Bosnian Plan Cited

OW0602013793 Beijing XINHUA in English 2138
GMT 5 Feb 93

[Text] Washington, February 5 (XINHUA)—The United States, "giving the Bosnia situation urgent consideration," remains reluctant to back the Bosnia peace plan worked out by international mediators Lord Owen and Cyrus Vance.

At a joint press conference today with visiting Canadian Prime Minister Brian Mulroney, U.S. President Bill Clinton said Washington "is reluctant to impose an agreement on the parties to which they do not agree, especially when the Bosnian Muslims might be left at a severe disadvantage if the agreement is not undertaken in good faith by the other parties and cannot be enforced externally."

Meanwhile, Haris Silajdzic, the Bosnian Muslim Foreign Minister, reiterated here today the Muslims' objection to the plan, which includes a draft constitution, a ceasefire agreement and a document on dividing the Balkan republic into 10 semi-autonomous regions under a federal government, saying it fails to distinguish between victims and aggressors.

During today's three-hour "working visit," Mulroney, while admitting the presence of "inadequacies" in the plan, urged for greater involvement from the United States and Russia.

In a related development, the State Department today confirmed that U.S. Secretary of State Warren Christopher will meet his Russian counterpart Andrey Kozyrev in Geneva later this month.

The two, besides working on a scheduled summit between Clinton and Russian President Boris Yeltsin, would also discuss the Bosnia crisis.

The Bosnian Muslims, who only accorded their agreement to the draft constitution, insist that all heavy artillery pieces must be put under effective UN control before signing on the ceasefire document and that the proposed map rewards what they called the Serbs' "ethnic cleansing."

The Bosnian Serbs have signed on the draft constitution and the ceasefire agreement but have reservations on the map of territory division.

Leaders from all three sides are now at the United Nations for further talks.

Owen has criticized Washington for its inability to endorse the package, saying the U.S. stance fueled the Muslims' objection to the plan.

Washington is under increasing pressure to support the Owen-Vance plan, which has won backing from the European Community and Russia.

On Thursday [4 February], visiting German Foreign Minister Klaus Kinkel voiced his urge to the Clinton administration for their support, but his counterpart, Christopher, said Washington questions "the fairness and feasibility" of the plan.

The secretary of state described the Balkan crisis as "one of the most difficult foreign policy problems imaginable."

During today's session, Clinton and Mulroney, the first foreign leader to meet with the new president, also discussed the global talks of the General Agreement on Tariffs and Trade, the 400 Palestinians deported by Israel and situation in Haiti as well as the North American Free Trade Agreement.

May Appoint Envoy on Crisis

OW0902080693 Beijing XINHUA in English 0739
GMT 9 Feb 93

[Text] Washington, February 8 (XINHUA)—U.S. President Bill Clinton may appoint a special envoy to cooperate with international mediators Lord David Owen and Cyrus Vance to end the bloodshed in Bosnia-Herzegovina, the ASSOCIATED PRESS reported today.

It quoted administration officials as saying that the special envoy would work with Owen and Vance at the United Nations or in Geneva, "whenever and doing whatever it takes to get a plan that can be acceptable to the parties."

Washington refuses to back a peace plan put forward by Vance, a former U.S. secretary of state, and Owen, a former British foreign secretary, indicating that it favors the Bosnian Serbs.

Only the Bosnian Croats signed all three documents of the Owen-Vance plan, which includes a draft constitution, a ceasefire agreement and a map that divides Bosnia into 10 semi-autonomous regions under a loose federal government.

The Muslims refuse to endorse the map, saying it rewards what they called the Serbs' "ethnic cleansing". They insist that all Bosnian heavy weapons must be put under effective U.N. control before signing the ceasefire document.

The Serbs, who accounted for about one-third of the population before hostilities broke out some 10 months ago and now reportedly control about 70 percent of the former Yugoslav Republic, want to have a larger share than the 40 percent envisioned in the Owen-Vance map.

Talks among officials of the three sides at the United Nations ended in deadlock on Sunday and the 15-member Security Council started consultations on the Owen-Vance plan today.

But no Security Council decision is expected to come out before Clinton announces Washington's version of a peace plan, which Secretary of Defense Les Aspin said would be announced in the middle of this week.

Aspin said the U.S. plans had received positive reactions from its allies in the North Atlantic Treaty Organization.

The Owen-Vance plan has won the backing of the European Community and Russia. Washington indicated last Friday that it wants Moscow, which is believed to have a stronger influence upon the Serbs, to be involved more deeply in any solutions to the Bosnia crisis.

Visiting Turkish President Turgut Ozal, who met with Clinton today, said he had the impression that Washington would "take a little stronger approach" toward the Balkan war.

However, Clinton didn't share any details of his policy with Ozal.

While administration officials refuse to disclose any of the options under consideration, news reports have suggested the following steps:

- Lifting the U.N.-sanctioned arms embargo against Bosnia to better equip the Muslims;
- Using U.S. military to enforce the "no-fly zone" over Bosnia-Herzegovina; and
- Raiding Serb military targets such as artillery and airfields.

At least 18,000 people have perished and tens of thousands displaced by the war in Bosnia, leading to the largest refugee flow since the end of the Second World War.

NATO Ready To Join UN Peacekeeping Actions

OW0802040293 Beijing XINHUA in English 0207 GMT 8 Feb 93

[Text] Bonn, February 7 (XINHUA)—The North Atlantic Treaty Organization is ready to join peace-building actions in the Balkans to prevent the war in ex-Yugoslavia from expanding into a European war.

This was stated by NATO Secretary General Manfred Woerner today at the annual Munich International Security Conference.

Woerner said NATO must get itself prepared to respond to possible UN request for support to the enforcement of security council resolutions, and NATO is the natural partner of the UN in European security matters.

He described as "encouraging" the French active participation in NATO's peace-keeping operations.

Woerner emphasized NATO must have the ability and military power necessary for maintaining peace and must set up special troops for carrying out UN missions.

He also urged Germany to take part in the worldwide peace-keeping and peace-building efforts of the United Nations. Germany should not continue to shirk its responsibility and offer humane and financial assistance only, he said.

The two-day conference concluded today.

UN Security Council Asked To Buttress Plan

OW0902052193 Beijing XINHUA in English 0430 GMT 9 Feb 93

[Text] United Nations, February 8 (XINHUA)—The UN Security Council was asked today by the co-chairmen of the International Peace Conference for Bosnia to buttress the peace plan they had prepared to help end the 11-month-old war in the former Yugoslavia.

At an informal consultation session of the council this afternoon, Cyrus Vance, a co-chairman representing the United Nations, told the council what they had accomplished in Geneva in the last five months.

The conference in Geneva started last September and was moved to the UN headquarters February 1 when the three warring parties in Bosnia failed to reach an agreement on what the co-chairmen had envisioned.

Last week, the international mediators held a series of negotiations with the representatives of the three parties. However, the result was nothing more than "a process of going two steps forward and one step back."

Vance said today that during those negotiations they had put three agreements to the Bosnian parties.

The agreement on constitutional principles and humanitarian issues had been signed by all the three parties; the one on provincial boundaries was signed by the Croat side; and the third, on military issues including control of heavy weapons, was endorsed by the Croat and Serb sides, Vance said.

"Our first priority and fundamental objective has been to stop the conflict in Bosnia-Herzegovina, while respecting human rights and fundamental freedoms," Vance said.

They had also called for, Vance added, the establishment of an international criminal court to try persons accused of crimes against humanity.

"We have constantly sought to maintain and to reinforce the status of Bosnia-Herzegovina as a sovereign, independent, integral, multi-ethnic state," Vance said, adding that they had rejected any proposal for the state to become a federation with three constituent units.

According to the Vance-Owen plan, Bosnia would be divided into 10 semi-autonomous provinces: three Serb, three Muslim, three Croat and one around Sarajevo, the capital, which would be under joint control.

The Bosnian Serbs, who now control some 70 percent of the territory, are not happy with the plan, because they said it would cut their control to about 40 percent.

The Muslim-dominated government contended that the plan would reward the Serbs by giving them what they conquered through aggression.

"We consider that our proposals are fair and are enforceable," Vance told the council, "we want to discuss them with you."

After today's council session, David Owen, the other co-chairman representing the European Community, expressed satisfaction with the discussions, saying that the council members all knew the complexity of the situation in Bosnia-Herzegovina. "We know only too well that this is a plan that needs wholehearted commitment over a sustainable period of time for it to be successful," Owen said.

"So," he added, "the security council has to buttress the agreements with credible methods of implementation."

UN Guarantees Kuwait-Iraq Boundary Inviolability

OW0602012193 Beijing XINHUA in English 1811 GMT 5 Feb 93

[Text] United Nations, February 5 (XINHUA)—The UN Security Council today reiterated its guarantee of the inviolability of the international boundary between Kuwait and Iraq by all necessary measures in accordance with the UN Charter.

After considering a report on the UN Iraq-Kuwait Observation Mission (UNIKOM) by Secretary-General Butrus Butrus Ghali, the council today decided in a resolution to extend the terms of reference of UNIKOM to include preventing or redressing violations of the demilitarized zone and of the boundary between the two countries.

The council noted with approval that work is being completed on the realignment of the demilitarized zone to correspond to the international boundary demarcated by the UN Iraq-Kuwait Boundary Demarcation Commission.

It expressed deep concern about the recent actions by Iraq in violation of relevant security council resolutions, including the series of border incidents involving UNIKOM.

The council requested the UN chief to plan and execute a phased deployment of the strengthening of UNIKOM, and reaffirmed that the question of termination or continuation of UNIKOM and the modalities of UNIKOM will continue to be reviewed every six months. The next review is to take place in April.

U.S. Protests Treatment of Palestinian-Americans

OW0702191293 Beijing XINHUA in English 1815 GMT 7 Feb 93

[Text] Cairo, February 7 (XINHUA)—The United States has protested to Israel over the treatment of three Palestinian-Americans jailed on suspicion of having ties with the radical Muslim movement Hamas, according to a report from Jerusalem today.

Carl Chan, spokesman for the U.S. Embassy in Tel Aviv, was quoted as saying that his country "protested against the delay in consular access and the condition of treatment."

He said the protests had been made "verbally and in writing." The report did not say when the protest was lodged.

Israeli officials said that Mohammad Jarad, 36, and Mohammad Salah, 39, both from Chicago, signed confessions before being given access to lawyers or U.S. consular officials.

The two were arrested January 25 while visiting relatives in the occupied West Bank. They were accused of bringing with them hundreds of thousands of U.S. dollars for distribution to Hamas activists.

Last Tuesday, a military judge ordered the extension of their detention by two weeks, but they are yet to be charged with any offenses.

A third Palestinian-American, Mohammad Haja, was arrested at about the same time on suspicion of transferring firearms to the Hamas movement. He has been remanded through this week for further questioning, but also has not been charged.

Israeli officials said they had evidence that Jarad and Salah were helping to rebuild Hamas and to finance terrorist activities after scores of Hamas leaders [words indistinct] by Israel in December.

Jarad is a grocer and Salah is a used car salesman. Their families and friends insist that neither was a political activist, the report said.

Clinton, Canada's Mulroney Review Trade Issues

OW0502170693 Beijing XINHUA in English 1644
GMT 5 Feb 93

[Text] Washington, February 5 (XINHUA)—U.S. President Bill Clinton today met with Canadian Prime Minister Brian Mulroney on trade and other bilateral and international issues.

This is the first meeting between Clinton and another foreign leader since he took office on January 20.

Canada, Washington's largest trading partner, and the United States have already forged a free-trade agreement.

They are now trying to expand the free trade zone into America's southern neighbor, Mexico.

A pact on the extended free trade zone, namely the North American Free Trade Agreement, has to be approved by lawmakers in each country.

Clinton and Mulroney were also expected to discuss during their three-hour meeting trade frictions between the two countries, such as complaints by American farmers that Canada is dumping grain on U.S. markets.

U.S. Trade Representative Michael Kantor said Thursday [4 February] that he would raise the issue Monday in his meeting with Canadian Trade Minister Michael Wilson.

Clinton will meet with Turkish President Turgut Ozal on Monday and British Prime Minister John Major on February 24.

Policy Options in Responding to NAFTA Viewed

HK0602011293 Beijing GUANGMING RIBAO in Chinese 1 Feb 93 p 4

[Report: "How should China Deal With North America Free Trade Agreement?"]

[Text] According to a report by YUEGANG XINXI RIBAO [Guangdong-Hong Kong Information Daily] not long ago, heads of state from the United States, Canada, and Mexico formally signed the long brewing "North

American Free Trade Agreement" (NAFTA), which will come into force on 1 January 1994 upon ratification by the legislatures of the three countries. When NAFTA comes into force, these three countries will become the world's biggest free trade area with 360 million people and a GNP exceeding \$6,000 billion. The establishment of NAFTA will have a series of effects on the global economic pattern.

First, the inward nature of these countries' trade will become stronger and their trade with other countries will be reduced, thus changing the entire international trade pattern. Second, the strengthening of indirect barriers against other countries will, on the whole, make the trade position of the three countries stronger and will worsen the trade conditions of other countries. Third, it will ruin GATT principles on fair competition, further hamper GATT's role, and will lead to the further growth of regional trade protectionism.

North America is an important trade partner for China. China's trade with this region accounts for 12.26 percent of its total trade (excluding reexport trade via Hong Kong). Its most important trade partner in this region is the United States. This is an important market for some of China's labor-intensive commodities and the United States is also one of the most important countries from whom China imports capital and technology. Because many Chinese export commodities to North American markets are similar to Mexican exports in terms of product mix, affected by NAFTA, Chinese exports will not be able to enter these markets preferentially, therefore intense competition between Chinese and Mexican exports in these markets is inevitable. Moreover, apart from affecting the transfer of North American capital and technology to China, NAFTA will even hamper the transfer of capital and technology to China from other countries and regions. Take Japan for example. On the one hand, in the wake of an increasing wave of regional integration in the world economy, Japan is roping in East Asian countries to form an East Asian economic group with itself as the core while excluding and resisting forces outside this region. On the other hand, it is racing against time to invest in North America and build factories there in an attempt to use preferential policies to contend for North American markets by localizing its enterprises in this region. This will affect the transfer of Japanese capital and technology to China. At present, many countries are trying to find a position in North American markets as early as possible. Competition in this process is extraordinarily intense and there will be big obstacles from outside.

In view of this, we must take serious account of NAFTA's impact on China's foreign trade work and should take early measures against this to maintain China's position in North American markets and try to expand this position so as to prevent it from producing an unfavorable influence on the normal introduction of foreign capital. In terms of countermeasures, we should mainly consider the following:

1. We should further implement the strategy of market diversification, prevent our exports from relying on one or two markets, and prevent market changes from seriously affecting the value of Chinese products in the national market. We can appropriately use import pawns against regions from where China's imports are big to integrate imports and exports and force our opponents to open their markets to the maximum for our products.

2. We should make direct investments in the North American region through economic infiltration so that we will stand fast in future markets. We should encourage large domestic enterprises equipped with the necessary conditions to set up transnational enterprises in North America. The state should provide relatively preferential policies for these enterprises in terms of capital and export procedures. It should allow and encourage these enterprises to enter the international monetary market to raise funds so that they can serve as bridgeheads for our future march into North American markets.

3. We should improve the domestic investment environment further. We can designate some domestic markets to attract Western transnational companies to come to China to invest. In this way, we will obtain foreign capital and the technology we need. In designating some domestic markets, we should strive for a certain percentage of our products to be sold abroad. We should use the market influence and marketing channels of transnational companies to expand exports of our products.

DPRK Paper Cited on U.S. Policy

OW0802003493 Beijing Central People's Radio
Network in Mandarin 2230 GMT 7 Feb 93

[From the "News and Press Review" program]

[Text] According to a RENMIN RIBAO [PEOPLE'S DAILY] report: MINJU CHOSUN [DEMOCRATIC KOREA], an organ of the DPRK Government, published a signed article on 6 February calling on the United States to revise its policy towards Korea. The article says that both the Korean issue itself and the failure to resolve it so far are the results of the Cold War among the big powers.

France's Mitterrand To Visit Cambodia, Vietnam

OW0802164093 Beijing XINHUA in English 1537
GMT 8 Feb 93

[Text] Paris, February 8 (XINHUA)—President Francois Mitterrand will pay a state visit to Vietnam and Cambodia between February 9-12 in a bid to increase France's political and economical presence there, an Elysee spokesman said here today.

Mitterrand's trip to the two countries, spokesman Jean Musitelli said, will embody "France's wish to stage a comeback in the Indo-Chinese region."

The president will be the first Western state leader to visit Vietnam since French forces were defeated and withdrew from the region in 1954, and the first French head of state to visit Cambodia since General Charles de Gaulle's trip there in 1966.

In Vietnam, Mitterrand will meet with Le Duc Anh, Vietnamese president, and Do Muoi, secretary-general of the Vietnamese Communist Party.

Top on the agenda, Musitelli said, will be the "economy."

Six French ministers and some entrepreneurs, who are to accompany the president, will talk in detail with their Vietnamese counterparts about economic cooperation between the two countries.

French investment in Vietnam totals 465 million dollars, making France third among foreign investors, immediately behind Taiwan and Hong Kong.

The French Government has expressed its willingness to help Vietnam back to the international financial market, persuade the United States to lift trade embargo imposed on the country and reduce its debt to France.

Mitterrand's aim in Cambodia is mainly political, the spokesman said.

During his scheduled meeting with Samdech Norodom Sihanouk, chairman of the Cambodian Supreme National Council, Mitterrand will stress his support for moving forward the presidential election in the country to implement better a peace agreement on Cambodia signed in Paris at the end of 1991.

French officials said Mitterrand's Asian trip is future-oriented, and that "France is ready to rediscover the Indo-China."

France has criticized the European Community for not paying enough attention to the region of Indo-China, and urged the EC to strike up a cooperation agreement with Vietnam.

Miyazawa Urges Settling Territorial Dispute

OW0702160493 Beijing XINHUA in English 1529
GMT 7 Feb 93

[Text] Tokyo, February 7 (XINHUA)—Prime Minister Kiichi Miyazawa today called again for settling northern territorial dispute with Russia.

Speaking at a rally for the return of the four islands off Hokkaido, he pointed out that a solution of the issue would benefit both countries.

Miyazawa expressed the hope that Russian President Boris Yeltsin could make an early visit to Japan.

Yeltsin canceled a scheduled trip to Japan last September.

In 1981, Japan designated February 7 as "Northern Territories Day" to commemorate the signing of the 1955 treaty between the two countries on commerce, navigation and delimitation.

Northeast Asian Environmental Conference Opens
OW0802141093 Beijing XINHUA in English 1353
GMT 8 Feb 93

[Text] Seoul, February 8 (XINHUA)—The first Northeast Asian conference on environmental cooperation opened here today with five countries participating in discussions on how to promote regional cooperation.

Senior officials from China, Russia, Japan, Mongolia and South Korea are attending the four-day meeting. The meeting is organized by the UN Economic and Social Council for Asia and the Pacific in cooperation with the UN Environment Program and UN Development Program.

Speaking at the opening ceremony, South Korean Vice Foreign Minister No Chang-hui said Northeast Asia, the only region in the world that lacks an organization for environmental cooperation, should emphasize assessment and management of the environment as well as creation of a such an organization.

No called on Northeast Asian countries to work together to build mechanisms for both the control and disposal of pollution and waste.

During the meeting, participants will exchange views on regional cooperation on the environment and setting up an organization for such cooperation.

They will evaluate not only environmental conditions regionwide but also the environmental plans and policies of individual governments.

Participants also are expected to study the feasibility of projects involving the exchange of manpower, information and environmental technology among the region's countries.

United States & Canada

Clinton Urged To Seek Dialogue With Beijing
OW0902005793 Beijing XINHUA in English 0003
GMT 9 Feb 93

[Text] Washington, February 8 (XINHUA)—The Clinton administration is being advised to engage in a dialogue with China and its neighbors before adopting any long-term policy.

The call was raised by the China Policy Committee of the U.S. Atlantic Council and of the National Committee on U.S.-China Relations in a report published here today.

The report suggests that U.S. policy toward China be "viewed in a broad global and regional context."

Despite the changes in the international situation following the conclusion of the Cold War and the collapse of the former Soviet Union, it says, many economic, security and other interests still require "a productive relationship" between the United States and the People's Republic of China.

Considering that China is an increasingly important force in the world economy today and will become a major force early in the next century if current trends continue, the report describes "a passive policy" toward China as "an unfortunate mistake."

"Only an active, fully engaged relationship will enable the United States to obtain substantial Chinese cooperation in achieving common interests and resolving differences," it stresses.

The report says that the majority of the China Policy Committee members believe that China's MFN (most-favored-nation) status should not be withdrawn or further conditioned.

The report also suggests that Washington and Beijing resume joint, high-level talks over the global and regional issues on which the two countries can actively cooperate over the next five years.

John Whitehead, chairman of the Asia Society and director of the Atlantic Council of the United States, told a news conference here this morning that the China Policy Committee had worked on the report for a year and hoped it could provide "a sound basis for future policy."

Vice Premier Zhu Rongji Meets U.S. Visitors
OW0802121693 Beijing XINHUA in English 1201
GMT 8 Feb 93

[Text] Beijing, February 8 (XINHUA)—Chinese Vice-Premier Zhu Rongji met with Bill Archer and Nancy Johnson, Republican members of the U.S. House of Representatives, and their party here today.

The visitors arrived here on February 5 as guests of the Chinese People's Institute of Foreign Affairs.

Clinton's Radio Address Discusses Economy
OW0602212893 Beijing XINHUA in English 1625
GMT 6 Feb 93

[Text] Washington, February 6 (XINHUA)—U.S. President Bill Clinton today told the country in his first White House radio address that his economic program will ask the most of "those at the top" before looking for more sacrifices from the middle class and working poor.

The President, in a live address from the Oval Office, said he wanted to tell Americans about his "guiding principles" in approaching the country's economic woes.

"We have to ask everyone to contribute something to get the job done but we're going to ask the most from those who got the most and gave the least during the past dozen years—those at the top," Clinton said.

Clinton, trying to build support for the budget and deficit-reduction plans, also promised to "set an example" by making big cutbacks in his White House staff.

Many economists say that Clinton appears to be trying to prepare Americans for the likelihood of higher taxes. Options under consideration include higher energy taxes, tax increases on alcohol and tobacco products, Social Security reductions and limits on deductions for home mortgage interest.

Clinton presents details of his economic stimulus plan to Congress on February 17 and unveils his first budget on March 23.

It was Clinton's first White House radio address and aides said he was likely to make them a regular feature of his presidency.

U.S. Military Chiefs Submit Cost-Cutting Plans

OW0902080193 Beijing XINHUA in English 0737
GMT 9 Feb 93

[Text] Washington, February 8 (XINHUA)—U.S. Armed Forces chiefs have submitted cost-cutting plans to Defense Secretary Les Aspin who has called for cuts of up to 10.8 billion dollars in the next fiscal year.

The measures would reduce the 267.9 billion dollars budget put forward by the administration of George Bush for fiscal 1994, which starts on October 1.

Under the new plans, an overhaul of the aircraft carrier USS Forrestal will be stopped, up to 12 ships will be decommissioned and the aging carrier-based A-6 bombers will go, saving on personnel and maintenance, the ASSOCIATED PRESS quoted Pentagon sources as saying today.

In addition, funding of the Strategic Defense Initiative, or Star Wars, will be slashed by focusing on ground-based anti-missile systems rather than the more costly space-based defense programs, known as "Brilliant Pebbles."

The air force has proposed cancelling an order for F-16 fighters.

The largest service, the Army, is expected to reduce the number of uniformed personnel from the current 601,000 to about 520,000 by the end of the decade.

The cuts would be realized through early retirements and taking on fewer recruits, the sources said.

The plans also call for less money to be spent on long-term military research and development.

Last week, Aspin sent a memorandum to each of the U.S. armed services, charting cuts of 2.5 billion dollars for the Army, 3 billion dollars for the Navy and 2.8 billion dollars for the air force, as well as a cut of 2.5 billion dollars for the strategic defense initiative.

The Aspin memo also proposed a reduction of U.S. troops in Europe from the current total of about 200,000 to 100,000 by the end of fiscal 1996.

The total number of uniformed people in the U.S. armed services stood at 1,775,381 by the end of 1992, an 8.7 percent drop compared with the 1991 figure.

Southeast Asia & Pacific

Sihanouk Leaves Beijing for Phnom Penh 9 Feb

OW0902074193 Beijing XINHUA in English 0637
GMT 9 Feb 93

[Text] Beijing, February 9 (XINHUA)—Prince Norodom Sihanouk, head of state and chairman of the Supreme National Council of Cambodia, and his wife left here today for Phnom Penh.

Seeing them off at the airport were Chinese Vice-Foreign Minister Xu Dunxin and diplomatic envoys from Cambodia and a number of other countries.

Arrives in Phnom Penh

OW0902112293 Beijing XINHUA in English 1056
GMT 9 Feb 93

[Text] Phnom Penh, February 9 (XINHUA)—Samdech Norodom Sihanouk, head of state and chairman of Cambodia's Supreme National Council (SNC), came back to Phnom Penh at 1:30 PM (local time) today.

Among those greeting Prince Sihanouk at the Pochendong international airport here were SNC members from the four factions: Hun Sen, Prince Norodom Ranariddh, Son Sann and Khieu Samphan, representatives of foreign diplomatic missions to SNC, as well as President of the United Nations Transitional Authority in Cambodia (UNTAC) Yasushi Akashi and other UNTAC officials.

Prince Sihanouk had been in Beijing for medical treatment since November 2 last year. During his stay in Beijing, he presided over two SNC working meetings.

According to informed sources here, Sihanouk will call a SNC meeting at the royal palace tomorrow.

On Wednesday he will meet with French President Francois Mitterrand, who will come for an official visit to Cambodia on the same day.

Jiang Chunyun Receives Australian Diplomats

SK0902045593 Jinan Shandong People's Radio
Network in Mandarin 2300 GMT 8 Feb 93

[Text] Jiang Chunyun, member of the CPC Central Committee's Political Bureau and secretary of the Shandong provincial party committee, and Governor Zhao Zhihao welcomed Lightowler, ambassador of Australia in China, and his entourage by receiving them in the Nanjiao Guesthouse of Jinan on the afternoon of 8 February.

The delegation led by Ambassador Lightowler consists of five scientific, technological, and trade officials who chiefly aim to deepen their understanding of the province, enhance friendship, and further explore the domain and effect of economic and trade contracts between the province and Australia.

During the reception, Jiang Chunyun delivered a speech in which he said: Shandong has established friendly and economic ties with the state of South Australia. We are extremely happy about the visit of Australian officials.

The guests were then briefed by Jiang Chunyun chiefly on the province's superior geological position, rich mining resources, and tremendous achievements scored in reform and opening up. Jiang Chunyun said: The province's gate for opening up have opened and investment environment has steadily improved. We enthusiastically hope that expansion or enhancement of cooperation between the province and Australia in the fields of the economy, technology, and trade will take place as soon as possible. We also sincerely hope that Ambassador Lightowler will offer more suggestions on how to promote the success of bilateral cooperation.

Near East & South Asia**'Arafat Meets With Jordan's King Husayn**

OW0602013893 Beijing XINHUA in English 1816
GMT 5 Feb 93

["News Analysis" by Wang Bo]

[Text] Amman, February 5 (XINHUA)—PLO Chairman Yasir 'Arafat left here today after talks with King Husayn, which Palestinian officials described as "frank, fruitful and positive."

According to Jordanian officials, the two leaders discussed means of promoting Jordanian-Palestinian "special relations" and exchanged views on the Middle East peace process.

The Palestinian deportees issue featured prominently in their talks, said the officials, who asked not to be named.

'Arafat earlier this week visited Baghdad and discussed with President Saddam Husayn regional issues including Iraq's relations with the West and the future of the Arab-Israeli peace talks.

'Arafat's visits to the two countries came when Arab-Israeli peace talks were stalled by Israel's expulsion of more than 400 Palestinians and when Baghdad was making goodwill gestures to other Arab states and the West.

The trips preceded U.S. Secretary of State Warren Christopher's tour of the region. The tour, scheduled for later this month, is seen as indicating the importance attached by President William Clinton to the peace-making process in the Middle East.

'Arafat's visits were therefore widely viewed as part of the efforts to coordinate Arab positions on the peace talks and seek support for the Palestinian demand that all the Palestinian deportees be repatriated immediately.

The Palestinians have rejected Israel's U.S.-backed offer to allow a quarter of nearly 400 deportees stranded in South Lebanon to return home while halving the length of exile for the rest. They regard the Israeli offer as an attempt to prevent possible UN sanctions.

Israel seems to have achieved its first goal when the U.S. secretary of state said the Israeli offer had made further actions by the security council unnecessary.

However, the other goal of putting the peace talks back on track still appeared out of reach.

'Arafat told his Jordanian hosts that the Palestinians would not return to the negotiation table until all deportees were allowed back in line with UN Security Council Resolution 799 adopted on December 18, the day after the Palestinians were expelled.

Jordan appreciated 'Arafat's initiative King Husayn said that their discussion of the current issues "was a good chance to catch up on what we have missed since we last met."

An Amman-based Palestinian official said the two sides held identical positions on issues discussed.

Political analysts believe that 'Arafat's trips to the two capitals may help heal Arab rifts caused by the Gulf crisis.

The Israeli intransigence on deportation issue and the West's recent air and missile attacks on Iraq last month have made it clear that the Arabs have to close their ranks if they want to be in a better position in dealing with regional issues.

Observers noted there had had been some positive moves in this direction. Iraq had reportedly made veiled overtures to Gulf countries, particularly Saudi Arabia.

During a recent visit to Riyadh, Mahmoud Abbas, 'Arafat's personal envoy, apologized for PLO's stand during the Gulf crisis.

In recent weeks, PLO delegations have reportedly visited Qatar and Oman, two Gulf countries seen likely to seek a reconciliation with Baghdad in the not too distant future.

As the first Arab leader to visit Iraq since the Gulf War, 'Arafat's trip was seen as a mediation effort to help bring Iraq back into the Arab fold.

Briefing his Jordanian hosts on his trip to Baghdad, 'Arafat said President Saddam expressed r [as received] the Middle East peace process and advised Palestinians to continue the peace talks with Israel.

In another goodwill gesture, Iraq has offered to sell, under UN supervision, oil worth 50 million U.S. dollars and use the proceeds to help cover the deficit of the UN Relief and Works Agency, which takes care of Palestinian refugees.

Seypidin Aze Heads NPC Delegation to Pakistan
OW0802133093 Beijing XINHUA in English 1304
GMT 8 Feb 93

[Text] Beijing, February 8 (XINHUA)—A delegation from the National People's Congress of China (NPC) headed by Seypidin Aze, vice-chairman of its Standing Committee, left here by air today for a goodwill visit to Pakistan at the invitation of the National Congress of Pakistan.

The delegation was seen off at the airport by Yang Bo, member of the NPC Standing Committee, Li Zhongying, deputy secretary-general of the NPC Standing Committee, and Pakistan embassy officials in Beijing.

Meets Pakistani Officials

OW0902114693 Beijing XINHUA in English 1113
GMT 9 Feb 93

[Text] Islamabad, February 9 (XINHUA)—Visiting Chinese National People's Congress [NPC] Vice-Chairman Seypidin Aze met here today Pakistan National Assembly Speaker Gohar Ayub Khan and Senate Chairman Wasim Sajjad separately and discussed with them on issues relating to bilateral relations and international situation.

Leaders of the two countries highlighted close friendship and cooperation in various fields between the two sides with a common belief that the bilateral friendship and cooperation would grow day by day through exchanges of visits at high level.

On bilateral relations, Gohar Ayub Khan said to develop friendly relations with China is a hallmark of Pakistan's foreign policy.

Chairman Wasim Sajjad said the relationship between China and Pakistan has become a model of country-to-country relationships and such a friendly relationship is conducive to both the countries as well as to the maintenance of peace in the region and the world over.

Agreeing with the views of the Pakistani leaders, the vice chairman of the Standing Committee of the National People's Congress of China said China and Pakistan not only have good bilateral relations but also share common views on many important international issues.

The NPC delegation led by Seypidin Aze arrived here Monday evening on a week-long visit to Pakistan. The delegation is scheduled to call on President Ghulam Ishaq Khan and Prime Minister Nawaz Sharif during its stay here and it will also visit Pakistan's largest city Karachi and second largest city Lahore.

Government Donates Rice for Nepal Drought Relief
OW0802142293 Beijing XINHUA in English 1411
GMT 8 Feb 93

[Text] Kathmandu, February 8 (XINHUA)—The Chinese Government has decided to donate 1,000 tons of rice to Nepal for drought relief.

Chinese Ambassador to Nepal Shao Jiong Chu informed the decision of the Chinese Government to Nepalese Agriculture Minister Ram Chandra Poudel today.

The minister expressed thanks to China on behalf of the Nepalese Government.

Fifty-six of the 75 districts in Nepal last year suffered from dry in spring and small rainfall in monsoon, resulting in reduction of 500,000 tons of grain in production. [sentence as received]

The China-donated rice will be shipped to Kathmandu soon.

Sub-Saharan Africa

Qian Qichen Receives African Diplomatic Envoys
OW0802153193 Beijing XINHUA in English 1513
GMT 8 Feb 93

[Text] Beijing, February 8 (XINHUA)—China will continue to develop its traditional friendly ties of cooperation with African countries, no matter what changes take place in the international situation or in the domestic situation of African countries.

Qian Qichen, Chinese state councillor and foreign minister, made this remark in a meeting with diplomatic envoys of African countries at the Diaoyutai State Guesthouse here this evening.

According to Qian, there exist two tendencies in the present world, namely, neglecting Africa and regarding Africa as not important; or interfering with African affairs and imposing their own will upon African countries.

These two tendencies have caused economic difficulties and turbulent political situation to African countries and even serious armed conflicts have occurred in some countries, Qian said.

"We have always held that the affairs of each country should be settled by its own people and we are opposed to any foreign interference," he said.

"If Africa is to develop, there must be a stable political situation," he said. "We support African countries to choose their own social systems and development models according to their own national conditions."

He expressed the belief that African countries and their peoples would overcome the current difficulties and score more achievements in developing economy and improving the people's living standards.

He said that he was very pleased to meet so many African envoys at the beginning of the new year. "I have just come back from Africa and, since I became foreign minister, I have visited 25 African countries," he said, adding that "I have been accorded warm reception from African governments and peoples on each of my trips there."

He noted that the Chinese Government and people attach great importance to the traditional friendly ties of cooperation with African countries and peoples. He expressed the belief that these ties will surely be pushed up to a new level in the new year and years to come with the efforts of both sides.

Jean Jacques Maurice, Madagascar ambassador to China, expressed his appreciation to Qian's speech on behalf of the African envoys. He expressed the wish to make continuous efforts for the development of friendly ties of cooperation between China and African countries.

West Europe

Vienna Presents Medal to PRC Businessman

OW0902020093 Beijing XINHUA in English 0129 GMT 9 Feb 93

[Text] Vienna, February 8 (XINHUA)—The Vienna State Government today presented a golden cross medal to a businessman, Lu Jiaxin, for his contributions to the building of mutual understanding between China and Austria.

Lu Jiaxin is the head of a local Chinese-Austrian joint venture and an honorary professor at a Hangzhou Business School.

Presidential Balloting in Cyprus Viewed

OW0602142193 Beijing XINHUA in English 1346 GMT 6 Feb 93

[Article by Chen Dechang: "No Winner Expected in First Round of Presidential Balloting"]

[Text] Nicosia, February 5 (XINHUA)—Polls released today indicate that no candidate could win in the first round presidential elections Sunday.

None of the three candidates would gain more than half the votes in the first balloting, and the first two will have to complete in the second and final round for presidency, scheduled a week later.

Under Cyprus' election law, the candidate gaining more than half of the valid votes in the first round of balloting will become the president.

If none attains the simple majority, the first two with most votes will compete in the second round of balloting the same day of the following week. The candidate winning more votes than the other will be the final victor in the presidential election.

Three candidates are to compete in the first round of voting:

George Vassiliou, 61, independent incumbent backed by the Communist Party Akel and Social Democratic Adisok, who is running for a second five-year term as president of Cyprus;

Glafcos Clerides, 73, leader of the right-wing Democratic Rally (Disy) backed by the small Liberal Party, who is making his third bid for the presidency;

Paschalis Paschalides, 63, running as the candidate of the "Front of the Fighting Forces" which is an electoral alliance of the centrist Democratic Party (Kido) and Socialist Party (Edek).

The poll conducted by the Middle East Marketing Research Bureau (KEMA) and commissioned by the Vassiliou camp, suggests that Vassiliou will win 43 percent of votes, and the two others, 34 and 23 percent, respectively.

The Kema poll predicted that Vassiliou would defeat Clerides in the second round of balloting.

Another poll, by the Veritas gallop commissioned by the Ides camp, gave Clerides 36.6 percent of votes, Vassiliou, 30.5 percent and Paschalides, 25.6 percent.

The Veritas poll predicted that the Disy candidate Clerides would win in the runoff with 46.4 percent of votes against 33 percent for Vassiliou.

Both polls were unanimous however that Paschalides would have no hope to win in the first round of voting, leaving Vassiliou and Clerides to complete for presidency in the second round of balloting.

Analysts said that if Vassiliou and Clerides comes to a draw in the first round of voting, Clerides may stand to win in the second round as the majority of Paschalides' supporters will shift their support for him.

However, Vassiliou and his camp are confident in the final outcome. Vassiliou even said that this time he will win a still bigger majority of votes than in the 1988 elections.

The three candidates spelt out their views on the Cyprus problem during a three-hour live television debate Thursday night.

The dominating subject was whether Cyprus was to accept a set of ideas prepared by the United Nations for reuniting the war-divided island under a bi-communal, bi-zonal and federal system and how each would handle the Cyprus issue in the future.

The set of ideas was advanced in UN Security Council Resolution 789 of last November that called on Vassiliou and Turkish Cypriot leader Rauf Denktash to resume their peace negotiations under UN sponsorship in March.

Cyprus has been divided into Greek Cypriot south and Turkish Cypriot north since Turkish troops landed on the northern part of the island in 1974, following an Anthem-engineered coup seeking union with Greece.

Also debated were the return of some 200,000 Greek Cypriots rendered homeless in 1974 and Cyprus' long-standing aspiration for full membership of the European Community.

Political & Social

Deng Urges 'Tighter Grip' on Leftism, Rightism

HK0902002693 Hong Kong THE STANDARD in English 9 Feb 93 p 1

[By S.L. Law]

[Text] China's paramount leader Deng Xiaoping has called for a tighter grip over leftism and rightism.

As well, sources said, Deng had reiterated the no concession policy with the British over Governor Chris Patten's constitutional reform proposals while meeting Shanghai municipal leaders.

In blaring contrast to what he said during his trip to the south last year, when he placed greater emphasis on anti-leftism than curbing rightism, the patriarch was said to have told Shanghai leaders during last month's Lunar New Year rightism and leftism should be checked.

"While anti-leftist efforts should continue, we should not allow rightist forces to gather strength," Deng was quoted by a source.

This was in line with reports which said party leaders in the Propaganda Department had worked out a "three nos policy" concerning propaganda work following instructions from Deng.

These are: no rehabilitation for the verdict on 4 June protests; no punishment for leftist leaders who were stripped of their posts during the 14th party congress, instead they should be given new postings as consolation; and no debate over leftism and rightism as well as over socialism and capitalism.

Another source said Deng had reiterated in Shanghai instructions he had given over Britain's plan to introduce political reforms to Hong Kong as well as American and French moves to sell fighter jets to Taiwan.

The source said Deng explained China's strategy of being tough with Britain and France but co-operative with the U.S.

Deng Xiaoping on Opposing Bureaucratism

HK0802090593 Beijing LIAOWANG in Chinese No 51, 21 Dec 92 pp 4-6

[Article by Wang Ning (3769 1337): "Deng Xiaoping on Opposing Bureaucratism"]

[Text] Deng Xiaoping has always attached great importance to the struggle against bureaucratism, both in the years of the revolutionary war and in the period of socialist construction after the founding of the Republic. Since China entered the new period of reform and opening up, he has made repeated expositions on opposing bureaucratism and increasing the efficiency of work in party and government departments, which form a comparatively complete and profound thinking on

opposing bureaucratism. It has played and will continue to play a great role in improving the work style and changing the functions of party and government organizations and in promoting reform and construction.

It Is Necessary To Oppose Bureaucratism

In the first two years immediately after the smashing of the Jiang Qing counterrevolutionary clique, confusion in the ideological and political fields still remained unre-moved. Many contradictions left over from the 10 years of internal disorder were obstructing the modernization drive, which had just been started. At a preparatory meeting for the Third Plenary Session of the 11th CPC Central Committee, which was held at the end of 1978, Deng Xiaoping made a report on "Emancipate the Mind, Seek Truth From Facts, and Unite as One in Looking to the Future" in which he penetratingly put forth the issue of opposing bureaucratism and linked it with reform.

Deng Xiaoping said: "To achieve the four modernizations and shift the technological basis of our entire socialist economy to that of large-scale production, it is essential to overcome the evils of bureaucratism. Our present economic management is marked by over-staffing, organizational overlapping, complicated procedures, and extremely low efficiency. Everything is often drowned in empty political talk. This is not the fault of any group of comrades. The fault lies in the fact that we have not made reforms in time. Our modernization program and socialist cause will be doomed if we do not make them now."

Here, Deng Xiaoping talked about the issue of opposing bureaucratism mainly proceeding from removing obstacles for the modernization drive. The main subject for discussion at the Third Plenary Session of the 11th CPC Central Committee was to shift the focus of party work and to start reform. There were many things and much confused thinking to straighten out. Eliminating bureaucratism was one of the many problems Deng Xiaoping paid serious attention to.

However, in the 1980's, while our work in various fields had gradually been brought onto the right track and large-scale economic construction was underway, problems concerning the party members' work style and mental attitude and the phenomenon of giving arbitrary and impractical directions had yet become more serious in many departments. Some leading cadres, whose revolutionary will had been waning, were drifting along aimlessly and living on the old cadre systems, mainly the "big rice pot" and "lifelong tenure" systems. In the industrial, communication, financial, and trade departments, bureaucratism, improper management, and extreme irresponsibility brought about great losses and wastes to the state's property. After the sinking of the "Bohai No 2" vessel, the gas explosion in a mine in Tonghua, Jilin, and the incident of mildewed rice in five southern provinces and a city were reported by newspapers, there were strong repercussions in various social

circles and people were demanding to investigate and affix responsibility to the relevant leading departments. Deriving from bureaucratism, the phenomena of taking advantage of one's power to seek private gains and taking bribes and bending the law, as well as corruption, also emerged among many party members and cadres who had certain power in hand, which seriously undermined relations between the party and the masses. At a cadres' meeting held in the Great Hall of the People in January 1980, Deng Xiaoping made a sharp criticism of bureaucratism and dilatoriness in doing things. He said: "How can we promote the four modernizations in this way! Many foreigners said if China promotes the four modernizations in this way, it will be entirely hopeless. There are also similar opinions among the people inside. This is true, and not false." This was a penetrating criticism, and the words he used meant something very serious. Unfortunately, no effective measures were taken to correct the mistakes after that. Two years later, the Political Bureau of the Central Committee held a meeting at the beginning of 1982 to discuss the question of streamlining organization. At the meeting Deng Xiaoping pointed out: At present, the party and state organizations are "overstaffed and overlapping, without clearly defined duties and with many incompetent, irresponsible, lethargic, under-educated, and inefficient staff members. This situation has become unbearable and cannot continue." He urged cadres to increase work efficiency, starting from streamlining organizations. The CPC Central Committee printed and distributed Deng Xiaoping's speech and started an organizational reform and reform of the cadre system under the leadership of the Secretariat of the Central Committee and the State Council and with overcoming bureaucratism and increasing work efficiency as the main target.

As a member of the first generation of leadership collective, Deng Xiaoping knew very well that very little achievement could be made if people attempted to eliminate bureaucratism through a political movement and by means of the method of "cutting chives." As the general architect of reform and opening up, his style and characteristics were always to start with changing the structure in resolving major and important issues. After the Third Plenary Session of the 11th CPC Central Committee, reform gradually became the guiding ideology for the work in various fields. All the expositions made by Deng Xiaoping in that period on opposing bureaucratism were brimming with the spirit of emancipating the mind, facing contradictions, and daring to blaze new trails. Especially in his report delivered at the enlarged meeting of the Political Bureau in August 1980, which was entitled "On Reform of the System of Party and State Leadership," he made an original analysis of bureaucratism, which had become a stubborn disease in the political life of the party and the state.

Deng Xiaoping cited some examples to criticize the main expressions and danger of bureaucratism, such as standing high above the masses, abusing power, being divorced from reality, being divorced from the masses,

spending a lot of time and effort in putting up an impressive front, indulging in empty talk, sticking to a rigid way of thinking, sticking to conventions, overstaffing administrative organs, being dilatory in doing things, being inefficient in work, being irresponsible toward work, failing to keep one's word, circulating documents endlessly without solving problems, shifting responsibility to others, and even assuming the airs of a mandarin, reprimanding other people at every turn, vindictively attacking others, suppressing democracy, deceiving one's superiors and deluding one's subordinates, being imperious and despotic, practicing favoritism, offering bribes, participating in corrupt practices in violation of the law, and so on. Moreover, he made an analysis of the reasons why bureaucratism had existed in China for a long time and could not be thoroughly banned, from which we can find a great theoretical courage and profound historical insight. He pointed out: Bureaucratism is closely connected with our highly centralized management in the economic, political, cultural, and social fields, which we have long regarded as essential for the socialist system and for planning. This is the general source of bureaucratism peculiar to us at present. Bureaucratism inevitably occurs because of the over centralization of power, under which most people who are handling matters do not have the decisionmaking power, while a small number of people with authority are overloaded. For a long time we have had no strict administrative rules and regulations and no system of personal responsibility from top to bottom in the leading bodies of our party and government organizations and of our enterprises and institutions. We also lack strict and explicit terms of reference for each organization and post so there are no rules to go by and most people are often unable to handle independently and responsibly the matters, big or small, which they should handle. We have no regular methods for recruiting, rewarding, and punishing cadres or for their retirement, resignation, or removal, which have resulted in overstaffing administrative organs. There are also problems in the cadres' ideological style, which produce bureaucratism.

We can see that except for the last point, Deng Xiaoping was analyzing the root cause of bureaucratism from an angle of the leadership system, cadre system, and work system. Thus, he had grasped the crux of the issue. Since the founding of the Republic, a great many contradictions had been accumulated in these systems and structures, but no methods had been found to effect a fundamental solution to them. Usually, we had only attached importance to finding the ideological and historical sources of bureaucratism without making any reform of the existing political structure to fundamentally remove the soil for the existence of bureaucratism. The main methods against bureaucratism were ideological struggle, political blows, and organizational discipline. As a result, bureaucratism revived and stubbornly became a parasite on the socialist system in a changed form. Deng Xiaoping summed up the lessons of the past decades.

Instead of simply attributing bureaucratism to the ideological style of a certain person or the poisonous ideological influence of the exploiting classes, he emphasized the necessity of finding the reasons from systems and structures, which are more fundamental, more comprehensive, and more stable, and have a long-term nature. This was a development of the Marxist-Leninist theory on power construction.

In the mid-1980's, with the in-depth development of the economic structural reform and the initial development of the socialist commodity economy, many defects of the political structure became increasingly evident. In 1986, Deng Xiaoping talked about the issue of political structural reform on dozens of occasions, almost talking about it at every meeting. In June, after listening to the work reports of the central leading comrades, he pointed out: "Reform of the political structure was put forward in 1980, but there has been no concrete measures. Now it should be placed on the order of the day. Otherwise, phenomena such as overlapping and overstaffing organizations, bureaucratism, dilatoriness in doing things, failing to keep one's word, and taking over the power which has been delegated to the lower levels will inevitably hinder our work and obstruct economic structural reform." He regarded "overcoming bureaucratism and increasing work efficiency" as one of the three major objectives of political structural reform and a task for the socialist political construction.

Efficiency and efficacy are the principles for organizing modern mass production. "Bureaucratism is an outcome of small production, which is entirely incompatible with socialized mass production." It will inevitably make the efficiency drop. It entirely runs counter to Deng Xiaoping's ideal of successfully building socialism in China by developing the economy at a high speed. For this reason, he emphasized: "The four modernizations cannot be promoted without stressing work efficiency. In the contemporary world, mankind is advancing forward at a tremendous pace. This is the same in the science and technology field. It will be difficult to catch up with the others even if one lags behind for only one year. Therefore, we must solve the problem of efficiency."

Based on this consideration, in the mid-1980's when expounding this issue, Deng Xiaoping regarded overcoming bureaucratism and increasing work efficiency as two aspects of the same issue on an increasing number of occasions.

At the end of 1986, student strikes appeared in some large and medium-sized cities. During their demonstration, the slogan of "down with bureaucratism" was shouted. While holding it necessary to take resolute measures to deal with the instability factors in the student strikes, Deng Xiaoping pointed out at the same time: "We must attach great importance to the problems in our work, which have been pointed out by the students in their current demonstrations. In our country there do exist some defects, such as bureaucratism, overstaffing administrative organs, and unhealthy trends. Attention

should be paid to the solution of these problems." Thus, while opposing an erroneous trend, he did not neglect another trend. He also reminded us: Within our party there are really a small number of leading cadres who are enjoying privileges. But while correcting the corruptive phenomenon, it is necessary to prevent "exaggerating the partial problems as the problems of the whole." Within our party, there does not and cannot exist a so-called "bureaucratic class."

How To Overcome Bureaucratism

The analysis made by Deng Xiaoping on the reasons of bureaucratism was an outcome of emancipating the mind and seeking truth from facts, and his exposition on the channels for overcoming bureaucratism was also brimming with courage and the spirit of seeking truth.

1. Streamlining organizations. From 1975—when leading the overall reorganization—to 1986—when concentrating on the exposition of structural reforms—Deng Xiaoping repeatedly stressed the importance of streamlining organizations, likening it to the "dismantlement of temples." He believed that this was an important measure for structural reform. At the same time, he regarded the overlapping and overstaffing organizations as expressions and important sources of bureaucratism. He pointed out: Streamlining organization is a revolution, a revolution in structure. "If we do not carry out this revolution, if we allow the old and sick to stand in the way of the young people, who are more energetic and capable, our modernization drive will not be a promising one and, moreover, our party and state may even perish because of this." According to Deng Xiaoping's proposal, the central authorities held a meeting in January 1982 to discuss the question of streamlining organization and work out the relevant plans for the central and state organs. Experiments were carried out starting with the central authorities. Then it was carried out in all provinces, autonomous regions, and municipalities for three years, and great successes were achieved. Later, on different occasions, Deng Xiaoping mentioned the same issue many times. In 1988, when talking about economic improvement and rectification, he also pointed out that it is necessary to make up our minds to cut down some organizations and companies which were not in good order.

Streamlining organization is not the only channel to overcome bureaucratism. But after all, it is an important measure. When talking about this issue, Deng Xiaoping linked it with the establishment of a retirement system, the improvement of the quality of working personnel, and the selection and appointment of capable people. Thus, a new channel was provided for the work of streamlining organizations, which helped people escape the vicious cycle of swelling, streamlining, and swelling again.

2. Attaching importance to reform of various systems. In view of Mao Zedong's mistakes in his later years, Deng Xiaoping sharply pointed out: "The question of system

is one that is more fundamental and stable and one of a long-term nature, which concern the overall situation." "In the past we made all kinds of mistakes. This certainly had something to do with the thinking and style of certain leaders. But the problems in the organizational system and work system are more important. If we have a good system in all these fields, bad people cannot do whatever they like; but if we have a bad system, even good people are unable to do good things fully. They may even turn into the opposite." In the early 1980's, this was a voice to rouse the deaf and awaken the unheeding. He said: "In order to overcome bureaucratism, it is first necessary to lay stress on the study of structural reform." According to his understanding, this structural reform should include both economic structural reform and political structural reform. The leadership system should be changed, and the work system and organizational and personnel systems should also be changed. On many times he also expounded the system of making policy decisions in a democratic way and on the retirement system. These ideas were accepted by the 13th CPC National Congress as a guiding policy for political structural reform.

3. Strengthening ideological education and changing the style of thinking. While attaching importance to structural reform, Deng Xiaoping also repeatedly talked about the necessity of ideological education. When making an analysis of the ideological source of bureaucratism, he pointed out: "If our comrades are paying too much attention to their personal and family interests, they will have less thought and energy for the interests of the masses. At most, they can only do something which they are unable to evade." This also brought to light the source of formalism.

The nature, purpose, and guiding ideology of our party dictates that the party should take the interests of the people as the starting point and end-result of all its actions. Under the condition and reform and opening up, Deng Xiaoping has repeatedly emphasized the importance of strengthening ties between the party and the people and carrying out education on ideals among party members. He urged the leading cadres not to seek personal privileges, because "leadership means service." All this was aimed at making all party members politically qualified and improving the social atmosphere. Ideological and style construction is unreplaceable. When the style of thinking is improved, system and structural reforms can be further promoted and the people's mental attitude and their attitude toward work will take on an entirely new look.

Therefore, Deng Xiaoping repeatedly demanded that party members and cadres, especially the leading cadres, carry forward the party's fine traditions, resolutely correct the mistakes of divorcing themselves from the masses and turning a deaf ear to the hardships and sufferings of the masses, oppose the style of acting as bureaucrats and overlords, and resist the corrosive influences of feudal and capitalist ideas. When selecting and promoting young cadres, apart from their age and

professional qualification, it is also necessary to take into consideration whether they have a good style of work and thinking. These ideas have become important component parts of Deng Xiaoping's theory on party building. They are also powerful spiritual weapons for us in correcting all kinds of mistakes in reform and opening up.

4. Allowing the masses of people to participate in democratic management and giving play to their supervisory role. The development of democratic ideas among the masses of people and the strengthening of their sense of participation and supervisory ability is another fundamental measure to prevent and rectify bureaucratism. In many departments and units, as the masses of people dare to make sharp criticisms of and vigorously resist bureaucratism, serious damages which might have occurred because of bureaucratism have been prevented or reduced.

Deng Xiaoping attaches great importance to this question. As early as the years before the Cultural Revolution, when he was general secretary of the party, he emphasized: If the party wants to exercise leadership successfully, it should accept supervision and expand the democratic life of the party and state. He regarded supervision by the masses and supervision by the democratic parties and nonparty personages as two major channels for achieving this purpose. He held that without these supervisions, we would be unable to remain prudent and would be divorced from the masses and commit big mistakes. In the new historical period he urged again that "it is necessary to establish a mass supervision system so the cadres, especially the leading cadres, can be put under the supervision of the masses and party members. The people have the right to report against, to sue, to impeach, to change, and to dismiss according to law all those who have sought personal privileges and refused to mend their ways despite repeated criticisms and education, and demand that they return what they have unlawfully taken or pay compensation for it, so that they can be punished by law and discipline." This can be regarded as the program for establishing a perfect democratic and supervisory mechanism in our country. He also pointed out that it is necessary to democratize management by mobilizing the initiative of the workers and intellectuals. The system of a workers' representative conference should be established in all enterprises and institutions. This is a concrete step of structural reform. The workers' representative conference "has the right to discuss and make decisions on the major issues of its own unit and has the right to propose to the higher authorities dismissal of the incompetent administrative leaders in its own unit and to elect relevant leaders." These ideas were put forth in the early 1980's as proposals for structural reform. Later, very good results were achieved in implementing these ideas. They became important sources of Deng Xiaoping's ideas on political structural reform in 1986.

In accordance with the basic Marxist principle that production relations should be suited to the productive

forces and proceeding from a good intention of removing obstacles in the superstructure for the modernization drive, Deng Xiaoping, who looked squarely at the basic realities in China at the initial stage of socialism, opened a new road with his own effort for overcoming bureaucratism by reform and system building with the assistance of ideological education and style construction, not by launching large-scale political movement. This was his new contribution to our party's theory on opposing bureaucratism and political construction. In the early spring of 1992, in his important speeches made during his south China tour, he pointed out: Formalism is also bureaucratism. It is necessary to use more time to do more concrete things, to do more and stop talking nonsense. Thus, new ideas of the new times were added to the theory on opposing bureaucratism.

Political Bureau To Decide Next Premier

HK0902083893 Hong Kong MING PAO in Chinese 9 Feb 93 p 6

[Report: "CPC Political Bureau To Hold Meeting To Decide Whether To Appoint Li Peng or Zhu Rongji State Council Premier"]

[Text] After the First Session of the Eighth National People's Congress [NPC], Jiang Zemin will concurrently become PRC president, Qiao Shi will become NPC Standing Committee chairman, and Li Ruihuan will become chairman of the National Committee of the Chinese People's Political Consultation Conference [CPPCC]. This has been basically accepted by the CPC top leadership and senior leaders by common consent. However, further discussion will be required to decide on whether to appoint Li Peng or Zhu Rongji State Council premier. The CPC Central Committee Political Bureau will hold a meeting to make this decision in the near future.

According to informed sources, some CPC central leaders sustain that after Zhu Rongji was transferred to the State Council, especially after he basically took charge of the State Council's everyday work in many aspects, he won a good reputation overseas, and this is favorable to winning greater economic and diplomatic support. If Zhu Rongji is promoted to premier, Li Lanqing, Zou Jiahua, and Qian Qichen will also get new appointments.

However, many State Council departments have been operating the planned economy model for a long time. Zhu Rongji has encountered strong resistance in the State Council. Recently, he assumed a lower profile. At present, it is hard to decide what position Li Peng should be appointed to, and the outside world should not be impressed by news that the verdict on the 4 June Incident may be reversed. Therefore, there is a high possibility of Li Peng remaining in the premiership. However, even if Li Peng remains in the premiership, Zhu Rongji will still wield greater power in directing national economic work. Li Peng will mainly play a role

in announcing relevant instructions and decrees inside and outside the State Council.

According to sources, the CPC Central Committee Political Bureau will be in session in the near future, and the meeting will once again consider the nomination of candidates for the state presidency, the premiership, the NPC Standing Committee chairmanship, and the CPPCC National Committee chairmanship in order to "unify understanding" and make a final decision.

Consideration will also be given to the issue of streamlining the institutional structure of the State Council during the coming Political Bureau meeting.

The personnel arrangements for the new NPC, CPPCC, and State Council leading bodies will be made in principle according to Deng Xiaoping's recent instructions on unity and his remark that "the verdict of the 4 June Incident must not be reversed, the struggle against bourgeois liberalization should still be carried out, and jobs should be properly assigned to some comrades stepping down at the 14th party congress (referring to some leftist figures)." Therefore, personnel arrangements will not be obviously tilted to the left or to the right.

Recently, various commissions and ministries have filed a lot of complaints to the central authorities about the structural streamlining of the State Council, and they have said that "the abrupt major changes made it hard to convince cadres at lower levels." Therefore, according to sources, most commissions and ministries will only reduce staff by 30-40 percent. Because the Foreign Ministry has made outstanding achievements in breaking deadlocks in international relations caused by the 4 June Incident, no major changes will be made there, and the morale of the staff is most stable there.

The most drastic changes will be made in some bureaus directly under the State Council. The State Administration of Building Materials Industry will be disbanded; the State Administration of Commodity Prices, the State Administration of Reserve (chu bei ju 0328 0271 1444), and some other bureaus will be merged into an "enlarged" State Planning Commission. The State Land Administration Bureau will also be subordinate to another institution. However, it will not be merged into the Ministry of Construction. It is possible that it and the land management department of the construction ministry will be merged into the State Planning Commission.

Because Deng Xiaoping has particularly mentioned the need to properly assign jobs to leftist figures stepping down from power at the 14th Party Congress, these people are rather active at present. If they cannot find a job in state functional departments, they may still find a new post in the NPC or CPPCC institutions. Therefore, many people in China say that since there was no "surprising move" in personnel arrangements at the 14th Party Congress, it will be harder to find anything unusual in the personnel arrangements to be made at the upcoming session of the Eighth NPC and the Eighth CPPCC National Committee.

'Powerful' Image of Qiao Shi Portrayed

HK0802151093 Hong Kong TANGTAL in Chinese No
22, 15 Jan 93 pp 39-43

[Article by Ho Pin (0149 7340) and Kao Hsin (7559 2450): "Enigmatic Qiao Shi"]

[Text] Among the seven members of the Standing Committee of the Political Bureau of the 14th CPC Central Committee, Qiao Shi's seniority is next to Liu Huaqing, a "veteran Red Armyman" who joined the revolution in the 1920's [as published]. Now, in 1992, it has been 52 years since Qiao Shi joined the CPC. Qiao Shi, originally named Jiang Zhitong, was born to a landlord family in Dinghai County, Zhejiang Province in December 1924. He joined the CPC in August 1940 when he was under 16, and has borne his new name ever since.

He Is Accepted by Both Factions of the Party

Qiao Shi has a reserved and unrevealing character, and "saying less in performing official duties" is his motto. Qiao is on intimate terms with the two factions of party elders headed by Deng Xiaoping and Chen Yun respectively. He is not only accepted by the two factions of the CPC elders, but has maintained relatively good relationships with the former general secretaries Hu Yaobang and Zhao Ziyang, with the former in particular.

Qiao was elected member of the 12th CPC Central Committee and alternate secretary of the Central Secretariat in September 1982. He was 58 that year, the youngest leading member of the party's Central Committee, and began to attract universal attention from the outside. In June 1983, Qiao Shi was appointed director of the General Office of the CPC Central Committee, and his position as head of the International Liaison Department was taken over by Qian Qiren. At the CPC National Congress held in September 1985, Qiao Shi, Li Peng, Tian Jiyun, Hu Qili, Wu Xueqian, and Yao Yilin were elected members of the Politburo to replace Ye Jianying, Deng Yingchao, Nie Rongzhen, Xu Xiangqian, Wang Zhen, Song Renqiong, Li Desheng, Wei Guoqing, Wu Lanfu, Zhang Tingfa, and other veteran leaders. This move indicated that the CPC began to let the younger generations take over the senior posts; Qiao Shi and Hu Qili were regarded as successors to the party leadership, and Li Peng and Tian Jiyun were prepared to take up leading posts in the government.

Qiao Shi formally took up the post of secretary of the Central Commission of Political Science and Law in August 1985. Before that, he was assigned personal responsibility for the work of political science and law in the Secretariat—that was why he had close contacts with Peng Zhen, who was in charge of the legislative work in the capacity of chairman of the National People's Congress [NPC] Standing Committee. It is said that when Peng Zhen met Berlinguer, general secretary of the Italian Communist Party, on 28 August 1983, he was accompanied by Qiao Shi, who favorably impressed Peng Zhen at that time. After repeated contacts, Peng

Zhen's appraisal of him was: Being clear-minded, he is fit for the work of political science and law.

Qiao Is Clean and Honest in Work, So That People Are Unable To Find Fault With Him

Another important reason that Peng Zhen spoke highly of Qiao Shi for his eligibility to take charge of the political and legal work was: He is an upright cadre who is not engaged in seizing a chance to secure personal gains, and is able to consciously resist corruption. No wonder he dared to express himself in strong terms when he was responsible for political and legal work. As disclosed by people in the General Office of the CPC Central Committee, among the CPC senior cadres, Song Ping and Qiao Shi are regarded as the most honest people. Moreover, Qiao Shi harbors a bitter hatred for the degeneration of the CPC cadres, and has intense repugnance to their children's engagement in business activities. However, he was incapable of reversing the desperate situation. When he participated in the work of consolidating party organizations and inspecting party discipline, someone criticized him to his face that he had been "doing things which he knew perfectly well he was unable to do."

Qiao Shi worked in the Kuomintang-controlled areas for a long time and acquired a very rich experience of underground work, which might be the principal cause of his being later assigned to take charge of the CPC intelligence and security departments.

Qiao Is Extraordinarily Powerful

There was a Central Investigation Department in the CPC before 1983 but, up to now, the CPC has never made public this department in the information which has been released externally. In the information openly published at present such as the "Directory of PRC Leaders in Party, Government, Military, and Mass Organizations," the principal leaders of the Military and State Security are listed under the category of government departments, but the Central Investigation Department never appeared in the list of party departments. Consequently, it is impossible to know whether Qiao Shi ever worked in the Central Investigation Department before 1983.

According to an overseas scholar who has connections with CPC high-level officials, Deng Xiaoping proposed the abolition of the Central Investigation Department and the establishment of the Ministry of State Security (which was called the State Security Committee at first) in 1983. Of the original staff of the Central Investigation Department, those who were in charge of espionage and counterespionage were transferred to the Ministry of State Security, and those who belonged to the senior secret operation system were merged with the Work Committee for Organs Under Central Committee. This operation system actually controlled the defense departments of the organs directly subordinated to the Central Committee and of the state organs, and was responsible

for the internal control and necessary secret investigation of the CPC leaders, including the leading organs of various provinces, municipalities, and autonomous regions.

In short, although it is not possible for outsiders to know details of the internal setup of the Central Investigation Department, we can at least divide the department into an "externally controlling system" and an "internally controlling system" according to its two major duties. The so-called "internally controlling system" is now a parasitic unit in the Work Committee for Organs Under the Central Committee. Internally, the work committee is also divided into two parts—one is analogous to that of the Work Committee for Central Government Organs, which is purely responsible for the party affairs in organs; the other is engaged in the work of "internal control," and this part of work is now directly under Qiao Shi's command. A non-standing organ called the Central Committee of Secrets Protection with Qiao Shi as chairman is in fact responsible for the work of this department.

Therefore, the present role of Qiao Shi is manifested in his responsibilities for both security and secret work, and the latter is divided into "external control" (espionage and counterespionage) and "internal control" (central defense, protection of secrets, and secret investigation). In other words, Qiao Shi is in charge of the control over millions upon millions of people under the CPC rule and the prevention of infiltration from the outside, and it is all the more important that he is also in charge of the control over "people on the same side" [zi ji ren 5261 1569 0086] under the CPC regime. The control over people on the same side is closely connected with the work of the Discipline Inspection Work Committee for Central Government Organs, the Organization Department of the CPC Central Committee, and the Ministry of Supervision of the State Council, where Qiao Shi worked in the past and exercises direct control at present. It is thus obvious that Qiao Shi is really a person with extraordinary power.

The "Qiao Shi" System in the Political Bureau

As learned from the data publicly disclosed, Qiao's political achievements were chiefly scored after he held the post as head of the Organization Department and took charge of the work related to political science and law.

On 20 July 1985, the Central Organization Department, with Qiao Shi as its head, issued a circular to this effect: The CPC Central Committee has decided to improve the system of cadre management, properly delegate power of cadre management to the lower levels, adopt the method of stratified management and responsibility, and narrow the scope of central management.

"Previously, the appointment and removal of cadres at departmental and bureau levels in central departments

and commissions as well as cadres at prefectural commissioner's office levels in various provinces and autonomous regions were all decided by the Central Organization Department. Now, the Central Organization Department will only take care of cadres at provincial and ministerial levels," said Qiao Shi with special emphasis at a relevant meeting.

Qiao Shi also personally attended to an exceedingly important duty—the formulation of the "Report on Work of Building the Third Echelon at Provincial and Ministerial Levels." In line with the guidelines of this report, the CPC completed the replacement of old leaders by new ones who were chiefly in charge of Party, government, people's congress, and committee of the Chinese People's Political Consultative Conference at the provincial level and in more than 20 ministries, commissions, and offices of the State Council within a year or so.

Qiao Shi Took Charge of the Replacement of Cadres at Provincial and Ministerial Levels

The 15 months in which Qiao Shi held the position of head of the CPC Organization Department were precisely the period when the CPC began to replace its old cadres with new ones on a large scale and, in light of the "Report on Work of Building the Third Echelon at Provincial and Ministerial Levels" formulated under the auspices of Qiao Shi, large numbers of young cadres were promoted to leading positions.

According to incomplete statistics, during his tenure of office as head of the Central Organization Department, he was in charge of deliberating the lists of appointments, dismissals, and replacements of the principal leaders in the party committees, governments, people's congresses, and committees of the Chinese People's Political Consultative Conference of 20-odd provinces, municipalities, and autonomous regions, as well as in the 20-odd departments (ministries), commissions, and offices of the Party Central Committee and the State Council. Cadres involved at and above ministerial level alone exceeded 100 people, and cadres at deputy ministerial level were, at least, up to 1,000 people. On this basis, Qiao Shi also assisted Hu Yaobang in working out the list of 56 additional Central Committee members, 35 alternate members, and 31 members of Central Commission for Discipline Inspection to be elected at the CPC National Congress which was held in September 1985. Among the central committee members newly elected at the 14th CPC National Congress, a considerable portion began entering the echelons of alternate members, members, and Politburo members at the abovementioned congress.

The period from 1984 to 1985 was very special in the CPC's history. After the proposals made by Deng Xiaoping of abolishing the cadres' lifetime job system and by Chen Yun of bringing up millions of successors to the proletariat cause, the CPC's first major replacement of new and old cadres was completed in a year or so,

mainly when Qiao Shi was head of the Central Organization Department. Of course, the 100-odd cadres at and above ministerial level and the approximately 1,000 cadres at deputy ministerial level personally picked up by Qiao Shi had to be approved by the then General Secretary Hu Yaobang and many party elders, with some of them simply designated by these elders no matter whether Qiao Shi agreed or not. Even so, people cannot deny the important role Qiao Shi played in the course of "setting up the third echelon of the CPC's cadres at provincial and ministerial levels."

Qiao Was Not a Member of the Faction Advocating Suppression in the 4 June Incident

In the entire course of the 1989 student upheaval, Qiao Shi was at least not enthusiastic about the suppressive measures. At the early stage of the movement, the public security police and the armed police force under his command only made symbolic gestures. If he had stood firm on the side of the faction advocating suppression headed by Li Peng and others at that time, he simply would not have needed to take notice of Zhao Ziyang, but would have taken tough action to send police and armed police to suppress the students under the pretext of "maintaining the social security," which was within the limits of his own authorities. He might thus have put an end to the "turmoil" in its embryonic state with no need to open fire, only to use electric truncheons, batons, and scuffs, just like the April 5th incident 13 years ago.

However, Qiao Shi took no action. In the intense strife between Li Peng and Zhao Ziyang, he basically kept silent, waiting for the "veteran comrades" to reach a unanimous opinion and the so-called "collective decision" by the Political Bureau.

On the evening of 17 May 1989, the Politburo Standing Committee members were called to a meeting at Deng Xiaoping's home. Zhao Ziyang maintained that if measures such as martial law or military control were taken, they might be effective in the near term but, from a long-term point of view, they would bring the country to a turbulent situation. In his long speech prepared in advance, Yao Yilin accused Zhao Ziyang of supporting the students in stirring up the turmoil. Later, the Standing Committee members voted on the issue of enforcing martial law, with Li Peng and Yao Yilin voting for and Zhao Ziyang against the martial law enforcement. Qiao Shi abstained from voting, saying he would comply with the decision made by the organization, and Hu Qili did the same, expressing his reservation of personal views. This was afterward propagated by the CPC as the agreement reached by most comrades of the Politburo Standing Committee members on the issue of martial law.

The Yang Family Generals Share Power With Qiao Shi

After Yang Baibing was elected secretary general of the Central Military Commission in November 1989, he and Yang Shangkun, first vice chairman of the Central Military Commission, staged a major reshuffle in the Army,

and vigorously urged the central authorities to put the armed police force which performed poorly in the course of 4 June suppression under the leadership of the Central Military Commission. Earlier, the armed police force was, in name, under the leadership of the State Council but, in reality, controlled by Qiao Shi as secretary of the Central Commission of Political Science and Law.

In the course of a large-scale purge of Army cadres set off by Yang Baibing, he successfully removed the four leaders of the Headquarters of Chinese People's Armed Police Force, and replaced them with six of his trusted followers, increasing one deputy commander and one deputy political commissar respectively. In the order concerning the appointment and removal of cadres of the Headquarters of the Chinese People's Armed Police Force issued by the Central Military Commission on 1 February 1990, all cadres who had been relieved of their posts were required to return to their former work units within three days without bringing a single soldier with them. But there were no longer places for them in their former work units, so the political lives of the abovementioned four cadres were terminated from that point on. Among them, Li Liansiu was a bit advanced in age, but the remaining three were just at the age of 56. It was impossible that Qiao Shi did not harbor resentment toward what the generals of the Yang family had done. Therefore, when they had incurred widespread resentment and the cadres in the Army had risen to lodge protests against them, Qiao Shi naturally added fuel to the flames in the Political Bureau.

Qiao Is on Special Terms With Jiang Zemin

In reviewing the history of how Qiao Shi and Jiang Zemin rose to power and position, people will discover that the two men were old partners since the time they began to "dedicate themselves to the revolution," only Qiao Shi was more senior than Jiang Zemin, and was once Jiang's superior.

Qiao Shi joined the CPC in 1940 when he was only 16. In January 1946, Jiang Zemin, a junior in the Electrical Engineering Department of the Shanghai Communications University, took part in a student movement personally organized by Wu Xueqian, currently a state councillor of the PRC. Jiang's name became known for the first time by Qiao Shi, who already held the position of chief of liaison personnel of the CPC's Students Committee in Shanghai.

In April the same year, Jiang Zemin joined the CPC privately, and his immediate superior was Wu Xueqian, who was under the leadership of Qiao Shi.

As soon as the CPC's "new party central leadership collective" was established in June 1989, conflicts began to manifest themselves. In the discussions of many major issues, they were always four to two among the six Standing Committee members; that is, Jiang Zemin stood on the side of Li Peng, Yao Yilin, and Song Ping, while Qiao Shi and Li Ruihuan were on the other side.

Particularly on the issues of handling the "rioters" and of the campaign "against liberalization," the opinions of both sides were often very acute. In the circumstances that no result could be obtained after their arguments, Qiao Shi and Li Ruihuan would seek assistance from Yang Shangkun if Jiang Zemin wanted to gain an upper hand by a majority of votes.

One of the conflicts between Jiang Zemin and Qiao Shi learned by Beijing's intellectual circles was the issue of handling the "rioters."

In October 1990, the handling of the so-called "special cases of 4 June disturbance" was basically completed, and the political and legal organs led by Qiao Shi submitted to the central authorities their opinions of handling the special cases of Wang Dan and others. Under the column "Suggestion of Handling," the personnel in charge of the special cases, instructed by Qiao Shi, suggested that Wang Dan be "leniently handled" as a typical example. At the Politburo meeting, however, Li Peng was the first to oppose it, believing that if Wang Dan was "leniently" released, the party's policies would be excessively magnanimous.

At first, Jiang Zemin had no objection to the suggestion made by the special case personnel but, as soon as he saw Li Peng oppose it, he changed his mind and stood on Li Peng's side. Then, the case was brought before Deng Xiaoping who, to their surprise, asked: "Why should you ask me on such a trifling matter?"

In this way, Wang Dan was eventually sentenced to four years' imprisonment.

The still more direct conflict between Qiao Shi and Jiang Zemin was the event that occurred in the "counter peaceful evolution" theoretical research class in the Central Party School in 1991.

The research class was originally conducted by the CPC Central Propaganda Department with the support of Song Ping and behind the back of Qiao Shi, president of the Central Party School. In the discussion, the leftists openly claimed to seize the "representative figure of peaceful evolution" in the CPC leadership, which, as some people said, aimed its spearhead of criticism at Qiao Shi himself.

To people's surprise, Jiang Zemin, whether he was really muddleheaded or feigned to be muddleheaded, was invited to go there and make a speech.

Li Peng Is Even Less Likely To Be an Adversary of Qiao Shi

If people paid more attention to the CPC's internal operation after Deng Xiaoping's remarks made during his south China tour, they would have discovered that Jiang Zemin was even slightly slower in his reaction to Deng Xiaoping's remarks than Li Peng, Peng Zhen, and so on. Qiao Shi and Li Ruihuan, among others, questioned RENMIN RIBAO on why it "acted slowly," but

Gao Di, the then director of RENMIN RIBAO, and others at first pretended to be deaf and dumb.

At that time, people on the outside universally thought that Gao Di and others dared to openly defy Deng Xiaoping because they could rely on such powerful leftist elders as Chen Yun, but in fact they felt they had the backing of Jiang Zemin. In March 1992, Gao Di said in the office of RENMIN RIBAO: Why should we be in a hurry? The general secretary has not given us his instructions yet, has he?

Then, Qiao Shi felt that the time had come when he no longer needed to adopt a roundabout tactic toward the conservative faction. Hence, he first selected the National People's Congress in March 1992 to proclaim his first public war with the conservative faction. He said at a meeting: "It is wrong to think that repeating Deng Xiaoping's remarks means grasping his ideas, and that the more his remarks are repeated, the better his ideas are mastered."

It is easy for the observant and conscientious people to see that the criticism in the above remark was aimed at Jiang Zemin, because Jiang Zemin never brought forth any new ideas whenever he reacted to Deng Xiaoping's speeches.

Afterward, Qiao Shi simply directed his spearhead of criticism against Li Peng. He said that Li Peng's government work report, "after all, failed to get rid of its original restrictions," and hoped that the deputies "should not expect too much, and may revise the contents of it one by one."

Qiao Is Deng's Mouthpiece Against the "Left" Deviation

Later, people on the outside were shocked at such drastic revisions made to the government work report at this people's congress, but no one noticed that it was precisely with Qiao Shi's support that such action was taken.

There was a rumor in Beijing as early as the end of 1989: When Deng Xiaoping was determined to remove Zhao Ziyang, the candidates for the new general secretary under consideration were Jiang Zemin and Ye Xuanping in localities and Qiao Shi in the Politburo Standing Committee, but it remains a puzzle up to now why Jiang Zemin was finally selected. Perhaps Qiao Shi himself knew it very well. Since Deng Xiaoping discovered that Jiang Zemin could not really carry out his line, he again relied on the strength of Qiao Shi. According to a source from Beijing, Deng Xiaoping's voice of combating the "left" deviation this time was in fact transmitted from Qiao Shi's mouth.

In 1991, amid the clamorous discussions on "socialism or capitalism in nature" unleashed by the leftists in line with the spirit of Jiang Zemin's 1 July speech, Qiao Shi went to Wenzhou, Zhejiang in August, a place precisely thought by the leftists to have become "thoroughly

capitalistic." At that time, several leftist internal documents expounding why China must not go in for capitalist private ownership took Wenzhou as an example to illustrate that cruel capitalist phenomena of exploitation had emerged in Mainland China. However, after Qiao Shi arrived in Wenzhou, he repeatedly mentioned Wenzhou as a model area of reform and opening up.

In August 1991, owing to the failure of coup d'etat in the Soviet Union which led to the thorough collapse of the CPSU, the CPC leaders were seized with a panic, universally thinking it necessary to intensify education on the struggle "against peaceful evolution" politically, and control the development progress of privatization in Mainland China economically, so as to ensure the dominant position of public ownership. But Qiao Shi deliberately sang a different tune at that time, repeatedly stressing that the only way of drawing a lesson from the Soviet Union and the East European countries was to continuously persist in and expedite reform and opening up. He knew perfectly well that under the situation at that time, these remarks would find very little support in Beijing. That was why he chose the southern provinces, which had most benefited from reform and opening up, to air his views.

After he left Wenzhou, Qiao Shi went southward to Guangdong, Hainan, and other places and, everywhere he went, he criticized the leftist arguments advocating the "capture of reformists taking the capitalist road." What made the local officials rejoice most was his remark: "Who said the central policies will be changed? The voices opposing reform and opening up cannot be considered as voices of the central authorities."

Qiao Belongs to the Staunch Reformist Faction

Taken at present, there seems no doubt that Qiao Shi is an unflinching element of the reformist faction, which can be best explained as follows:

First, many points in Deng Xiaoping's remarks made during his south China tour were those Qiao Shi made when he was in the southern part of China the previous year.

Second, while Deng Xiaoping was on his inspection tour of south China last year, Qiao Shi also went to Shenzhen and expressed his views on political structural reform. He said: "The special zone is a special economic zone [SEZ], but economics and politics are inseparable, as economics will certainly involve issues in the area of politics. Hence, reform of political structure in the SEZ should also go ahead of the others."

Such bold remarks surpassed what Zhao Ziyang said before 1989, and kept pace with what Hu Yaobang said even earlier. Deng Xiaoping has not made such clear-cut remarks on the issue of political structural reform since 1989.

Third, in early March 1992 when Jiang Zemin and Li Peng were still trying to prevent Deng Xiaoping's

speeches during his south China tour from spreading on the mainland, Qiao Shi was the first among the Politburo leaders to expound to the outside Deng's remarks on "mainly guarding against the left tendencies" at the inauguration ceremony of the Central Party School.

Qiao Forced Jiang Zemin To Bow His Head and Admit Defeat

In early March 1992 when Qiao Shi took the lead in expressing his support to Deng Xiaoping, Jiang Zemin stalled for a long time without acting. Then, under Qiao Shi's arrangement, Tian Jiyun went to the Central Party School to deliver a speech, severely denouncing the leftists on one hand, and vigorously criticizing the weather vanes [feng pai 7364 3175] on the other.

When Deng Xiaoping went to Shoudu Iron and Steel Corporation on 22 May, Jiang Zemin was really alarmed and confused, and began to realize that his "leadership core" was not immutable. Meanwhile, he also heard news that Deng Xiaoping's south China tour earlier was in fact planned by his children through Qiao Shi. Jiang Zemin then hastened to see Qiao Shi, voluntarily raised the point that the Politburo did not do its best in putting Deng Xiaoping's remarks into practice, and hoped to make a public speech as general secretary to declare his stand to the outside world.

When asked by Qiao Shi how he would make his speech, Jiang said: It will be best if I speak to the Central Party School's training class for cadres at provincial and ministerial levels, which Comrade Tian Jiyun spoke to earlier, if it has not finished its studies. Moreover, Jiang Zemin also requested Qiao Shi to go with him and preside over the meeting in the capacity of member of the Central Political Bureau Standing Committee and president of the Central Party School.

In his speech, Jiang Zemin repeated in full what Deng Xiaoping said during his south China tour, particularly on the subject of guarding against "left" tendencies. However, the listeners found it commonplace, as the contents of his speech were not as incisive as those of Tian Jiyun.

Qiao Will Be a Decisive Person for the Rise and Fall of the CPC Tomorrow

Before its 14th National Congress, the CPC proclaimed to the outside world that a large number of "successors to span this century and the next" will enter the central leading organs. But, judging from the results announced after the congress, the scope of replacement of old cadres by new ones was only two-thirds of that at the CPC National Congress in 1985 when Qiao Shi was head of the Central Organization Department. Although it cannot be stated from this that cadres promoted to provincial and ministerial levels or above during Qiao Shi's tenure of office in the Central Organization Department are all members of Qiao Shi's faction, at least his relations with these people are so good that Jiang Zemin dare not stand comparison with him.

What merits people's greater attention is that at the most crucial moment when the CPC was replacing old cadres with new ones, Qiao Shi was appointed head of the Organization Department, and as soon as the work came to a temporary close, he took over an even more important post to be responsible for the national work on law and political science. Shortly afterward, he was concurrently in charge of discipline inspection of the CPC Central Committee. Later, he also took up the leading post in the CPC's Central Party School which is engaged in theoretical research and cadre training.

Whether before or after Qiao Shi and whether in Mao Zedong's era or Deng Xiaoping's era since the PRC's founding, there has never been any other senior CPC cadre like Qiao Shi who experienced such extremely unusual transfers, not to mention Jiang Zemin, Li Peng, and the like. In the short five and a half years between April 1982 and October 1987, he held or was still holding in succession various important positions in the Central Committee including head of the International Liaison Department, director of the General Office, head of the Organization Department, secretary of the Central Committee of Political Science and Law, director of the Central Committee for Comprehensive Management of Social Security, secretary of the Central Commission for Discipline Inspection, president of the Central Party School, secretary of the Central Secretariat, member of the Political Bureau Standing Committee, and so on. Just think: Apart from the work of those departments of the Central Military Commission, what work is more important than that under Qiao Shi's control?

Life of Imprisoned Dissident Li Guiren in Danger

HK0802122593 Hong Kong SOUTH CHINA MORNING POST in English 8 Feb 93 p 10

[By John Kohut in Beijing]

[Text] Editor and publisher Li Guiren, serving a five-year prison sentence in Shaanxi province on counter-revolutionary charges, may die unless he gets proper medical attention soon, the dissident's family fears.

"I don't know if he will live until spring," a relative wrote last month to a friend in Beijing. "He gets worse and worse. His legs are as thin as poles."

Able to consume only 50 grams of grain a day, Li, former editor-in-chief of the Hua Ye Publishing House in Shaanxi, has had to be fed intravenously three times this winter, each time for a one-week period.

His wife has asked that he be released on bail and be sent home or to a hospital for medical attention. The local reform through labour bureau has conveyed her appeal to the judiciary. But a senior Justice Ministry official refused her request, saying that Li should be treated by prison doctors.

"We're worried that he won't be treated properly," the letter, dated January 16, said.

At one point during his detention, the wardens allowed other inmates—hardened criminals imprisoned for non-political crimes—to take Li out to the courtyard and beat him.

A letter of appeal for better medical treatment was sent by the family last December to Communist Party Politburo Standing Committee member Mr Qiao Shi, but there has been no reply.

"Leaving aside the question of whether he is guilty or innocent, he is dying, and should be released on humanitarian grounds," the friend said.

In his late 40s, Li was detained in June 1989 for trying to organise strikes, of writing "provocative slogans" demanding the removal of premier Mr Li Peng and senior leader Mr Deng Xiaoping and of "promoting chaos" by appealing to former Communist Party chief Mr Zhao Ziyang not to use troops against demonstrators.

By the end of July last year, Li had lost 11 to 18 kilograms in prison, could no longer walk, and had trouble standing, according to the international human rights organisation, Asia Watch.

He suffers from a serious heart condition and gallstones. After international appeals, Li was transferred last April from the Shaanxi No 1 Prison in Fuping County to the No 2 prison in Weinan, but received no better medical care, Asia Watch said.

Asia Watch spokesman Mr Robin Munro said: "While the release of people like Wang Xizhe is very welcome and overdue, it doesn't signal any sea change in Beijing's view on political prisoners."

Sources said late last year that Beijing arrested more journalists, including those working in such prestigious units as the New China News Agency [XINHUA] and People's Daily [RENMIN RIBAO], for allegedly leaking state secrets to foreign publications.

They have apparently been held without access to the legal system.

University Offers 'Capitalist-Sounding' Classes

HK0702091093 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 7-13 Feb 93 p 1

[By Yuan Zhou: "Capitalist-Sounding Courses Offered at People's U."]

[Text] One of China's cradles of education for government officials and economic planners aims to reshuffle the curriculum that has served a highly-centralized economic system for decades.

Among the 14 new specialties to be opened by the Beijing-based People's University of China are these decidedly capitalist-sounding sorts of classes: management in the real estate business; marketing; international

business management; international trade; management of human resources; taxation; and management of township enterprises.

The school, which was founded by the Communist Party before the founding of the People's Republic in 1949, will abolish 17 specialties, including scientific socialism, the international communist movement, the science of national economic planning, pricing science, the basics of Marxism and ethics.

The majority of the new courses will take four years to complete for a bachelor's degree.

Partly because students have expressed worry that the faculty may be teaching old information under the guise of new courses, the university officials said that 100 new textbooks in economics, history and other subjects will come out in 1993.

Shi Yajun, Dean of Studies, said his university was "cautious" in bringing about the changes.

Associate Professor Wang Xianru, a specialist in investment economics, claims that the specialty of real estate management is "by no means" set up to "blindly catch up with the fashion."

He said the university has been giving master's degrees in real estate management and his faculty is writing several textbooks in the field.

University officials said the changes involve more than half of its departments and research institutes.

The major reason for the move is to increase practical courses as the country is ushering in a market economy, the People's University leaders said.

Even the name of a department could be changed.

A National Economic Management Department has arisen on the ashes of what was once the Planned Economy Department.

According to the China Youth Daily, students have suggested that the Department of History of the Chinese Communist Party—the only one of its kind in China—be changed into a fashionable Department of Political Science.

Some specialties have been cancelled because young people are reluctant to apply and graduates have had a hard time finding jobs, the officials said.

'Record' Number of Foreign Students Attend School
HK0902021393 Beijing CHINA DAILY in English 9 Feb 93 p 3

[Article by our staff reporter: "More Foreign Students"]

[Text] More than 13,000 foreign students enrolled in Chinese universities and colleges last year, a new record.

The figure was more than the total for the 30 years before China opened to the outside world in 1979, according to sources from the State Education Commission (SEC).

A marked increase was seen in the number of foreign students coming under non-governmental arrangements or by their own means with 9,000, including 3,000 for long-term study and 6,000 for short-term training.

In the 1992-93 semester, more than 4,000 foreign students were enrolled under inter-governmental cultural and educational exchange programmes.

These include 2,100 undergraduates, 400 postgraduates, and 1,500 engaged in various training.

Foreign students in China used to be under governmental agreements only. They totalled 9,757 in the 30 years to 1979.

The SEC, China's top educational authority, pledged to give more rights to universities which enroll foreign students this year, in a bid to further improve enrollment and management.

Such universities and colleges, which numbered about 200 last year, will make decisions by themselves for enrollments, education, scholarships and honouring or punishing students according to their own regulations.

The foreign students who came to China last year were from 126 countries and regions. Before 1979, they were mainly from a few socialist countries.

Most foreign students come to China for Chinese language studies, arts, traditional medicine, agriculture, engineering and other science subjects.

Besides the existing specialties, many universities and colleges added long and short-term Chinese language training programmes in order to attract more foreign students.

Classes taught in English are available in 12 universities for graduate students and advanced trainees. Courses in French are also expected in a few years.

The SEC also arranged visits by foreign scholars to conduct academic research and exchange in the higher educational institutions.

Scholarships for foreign students are arranged by the SEC in 66 universities and colleges.

CPPCC Committee Members Raise 9,627 Proposals
OW0902024993 Beijing XINHUA in English 0233 GMT 9 Feb 93

[Text] Beijing, February 9 (XINHUA)—Members of the Seventh National Committee of the Chinese People's Political Consultative Conference (CPPCC) have raised 9,627 proposals since 1988.

Many of the proposals have been adopted by the Central Committee of the Communist Party of China, the State Council and ministries under the State Council.

Among their proposals, 35 percent were about economic affairs, 30 percent covered science, technology and education, 21.5 percent involved politics, law, labor and personnel, and 13.3 percent touched the united front, nationalities affairs, religion and overseas Chinese affairs.

Officials of the CPPCC National Committee listed the proposals for their importance.

Members of the CPPCC National Committee had made investigations before they put forward the proposals. This explains why most of the proposals were accepted by the party, the government and the departments concerned.

As they had a good understanding about the central tasks of the party and the government, they always stressed economic development, issues about the people's livelihood and the topics of household talk in their proposals.

For example, members of the CPPCC National Committee raised a number of proposals on accelerating the construction of railways—the bottleneck of economic development—which were accepted and adopted in the eighth five-year plan by the State Planning Commission and the Ministry of Railways. Their proposals for invigorating the state enterprises were adopted in the State Council's document. Proposals on increasing investment in scientific research were accepted by the Ministry of Finance which earmarked 50 million yuan in additional funds for natural science research projects in 1992.

Some proposals played the role of democratic supervision of the party and the government. After accepting the proposals on wiping out the evils of pornography, drug abuse, gambling, prostitution, the abduction of women and children and superstition, the state council has organized departments to carry out the struggle against these vices and had success.

Science & Technology

Science, Technology Work in 1992, 1993 Viewed
HK0802024993 Beijing RENMIN RIBAO in Chinese
 20 Jan 93 p 2

[Article contributed by the State Planning Commission Science and Technology Department: "Market Mechanism Will Accelerate Transformation of Achievements of Scientific and Technological Research—1992 Situation and 1993 Prospects of Scientific and Technological Work"]

[Text] In 1992, in the wake of the new development of accelerated reform and opening up, China's scientific and technological sector made progress in a range of areas. Special attention was paid to the important link of

the application of achievements of scientific and technological research to production, and the process of commercialization and industrialization of scientific and technological research achievements was expedited through various channels, in various forms, at different levels, and with the stress laid on some selected areas.

The "Scientific and Technological Research Key Task Program" has been fully launched, 73 percent of all specialized project contracts covered by the Eighth Five-Year Plan have been signed, involving a scientific and technological workforce of 100,000 people. With regard to some important fields and major production sectors, a number of key technology items that have an important bearing on economic development have been selected as key research items and research in these items has been stepped up. With market conditions as a guide, several hundred important items among the many scientific and technological research achievements produced by projects run by the state, local institutes, and military industrial sector were selected for commercialization and industrialization operation. New breakthroughs were made in the "National Plan for Introducing and Assimilating Important Technology." The "New Product Plan" has introduced some specific policies to enable production of new products in batches. Under the "Spark Plan," scientific and technological research achievements began to be introduced to the central and western parts of the country. As far as the national 863 high-technology development plan is concerned, progress has been made in some major fields. The number of national high and new technology development zones has been increased from 27 in 1991 to 52 now.

The year 1993 is an important year for China's effort to accelerate economic development. The scientific and technological sector is undertaking the historical mission of speeding up development and expediting the improvement of the quality of the economy as a whole. We must seize the opportunity, take the challenge, follow the principle of "depending on science and technology and being geared to market demand," and make science and technology play a greater and greater part in economic growth year after year.

With regard to key scientific and technological research projects, we will have to continue to allocate more resources to solve key technological problems and unrelentingly update key technology to keep up with the changing situation. We will take action to initiate transformation of 600-800 important scientific and technological research achievements. We will continue to do a good job in building the national engineering research center, popularizing achievements of scientific and technological research, and, at the same time, improving and developing a technology market and promoting technology trade.

The national high technology development plan not only involves the effort to keep abreast of international

advanced standards, but also demands new breakthroughs in key technological areas. Reforms of property rights, income distribution, and social security systems will be carried out further in national high and new technology development zones, so as to let some scientific and technological personnel get rich first and to set examples for structural reforms. The application of high technology to industrial production should also be combined with urban planning and the development of tertiary industry.

With regard to basic scientific and technological research, we should do our best to ensure that the key national laboratories project run with loans granted by the World Bank, large- and medium-sized new material development base projects, the scientific database system project, and the China ecological network project will be proceeding smoothly. The scaling-new-height [pan deng 2372 4098] program will also involve a feasibility study and implementation of technological research projects, and the 10 big engineering projects as well, to make sure that basic research will keep up with the world advanced standards and will closely suit the actual needs of economic and social development in our country.

Shanghai To Build Another Satellite Ground Station
OW0502172293 Beijing XINHUA in English 1640 GMT 5 Feb 93

[Text] Shanghai, February 5 (XINHUA)—Shanghai is to build another international satellite ground station to further improve its world telecommunications system.

An agreement has been signed by the Shanghai Shenxin Trade Company and GTE Spacenet Communications Inc. of the United States to construct the international satellite A-type station.

Costing 40 million yuan, the ground station will receive and send information transmitted by international telecommunications satellites over the Pacific and Indian Oceans.

The new station will be located near the existing Shenzhuang Satellite Ground Station in Shanghai. Preliminary work has started and contracts to import equipment have been signed with foreign firms.

Officials from the Shanghai company said that the antennas for the station will be made in China.

Construction of the building is due to start in June this year after the completion of the design.

A start on installing equipment is expected by the end of the year and be completed by June 1994. The station will have a thousand-line capacity.

Nongovernmental Technology Services Grow

OW0802132793 Beijing XINHUA in English 1307 GMT 8 Feb 93

[Text] Beijing, February 8 (XINHUA)—Non-governmental technology research and development enterprises and institutes in China have developed rapidly in recent years, according to a recent survey.

The survey showed that the number of newly registered non-governmental technology research and development enterprises and institutes reached about 10,000 in 1992 alone, bringing the total number to more than 27,000 by the end of the year.

These enterprises employed 500,000 researchers and workers and generated an annual total income of more than 13 billion yuan.

The boom in non-governmental technology research and development enterprises in 1992 was interpreted as the third wave.

The first two waves appeared in 1984-85 and 1987-88, respectively.

About 69 percent of the employees in these enterprises are senior and middle ranking researchers and engineers.

From 1989 to 1992, the annual growth rate in sales value, profits and revenue in the sector was above 10 percent on the per capita basis.

Topping 100 million yuan in sales volume in 1992 were a dozen non-governmental enterprises, including the Stone Company and the Jinghai and Kehai companies in Beijing, the Huawei and Cuizhu companies in Guangdong, and the Xiwang Company in Sichuan.

Guizhou Nuclear Industry Enterprises Diversify

OW0602223693 Beijing XINHUA Domestic Service in Chinese 0641 GMT 6 Feb 93

[Report from the "Economic Flashes" feature]

[Excerpt] Beijing, 6 Feb (XINHUA)—[passage omitted]

Guizhou Lifts Veil on Its Nuclear Industry

With the approval of the State Council Economic and Trade Office, the Guizhou Chemical and Metallurgical Company affiliated with China's nuclear industry was recently established in Guiyang. This signals the lifting of the mysterious veil on the Ministry of Nuclear Industry's enterprises in Guizhou as they jointly shift to a market economy. Located in a ravine in Guizhou, the ministry's 276 factories and 761 mines have contributed toward national defense construction. The ministry has initially decided to provide 100 million yuan to help them diversify their operations while maintaining the dominant role within the nuclear industry. Over the short term, it will invest approximately 50 million yuan

in building new factory premises and several production lines for civilian goods. [passage omitted]

China To Phase Out Ozone-Depleting Materials

*OW0502135193 Beijing XINHUA in English 1044
GMT 5 Feb 93*

[Text] Beijing, February 5 (XINHUA)—China's State Council has recently approved a program to phase out the use of materials harmful to the ozonosphere, the GUANGMING DAILY reported today.

The medium- and long-term program was drawn up by 30 experts in cooperation with relevant ministries and departments and the Environmental Science Center at Beijing University.

The program sets out the objective of final reduction of such materials by the year 2010 and the economic policies and technical measures that will help achieve the objective.

The program has been submitted to the United Nations Development Program and will be submitted for discussion at the seventh session of the Multilateral Fund for the Protection of Ozone Layer to be held in early March.

Eight investment and demonstrative projects for reducing the use of ozone layer consumption materials are being implemented in China.

Song Jian Stresses S&T in Agriculture

*OW0502095493 Beijing XINHUA in English 0926
GMT 5 Feb 93*

[Text] Guangzhou, February 5 (XINHUA)—State Councillor Song Jian called for concerted efforts by all departments to effectuate a high-yielding and highly efficient agriculture by relying on the scientific and technological progress.

Song made the call at a recent meeting on invigorating agriculture by relying on science and technology held in Zhanjiang City of south China's Guangdong Province.

Song made a particular stress on the development of agriculture and the rural economy, saying that "in no time and no circumstances should we waver in the conviction of the foundation status of agriculture and the rural economy."

The new period of development of agriculture and the rural economy, he said, requires new thoughts, new objectives and new methods and the overcoming of the petty peasantry ideas characterized by dispersed management, backward technology, low efficiency and lagged basic facilities and industrial equipment.

He said that it was necessary to expand the collectivized social services, mechanization and industrialization and improve the rural labor productivity.

He urged the Spark Program, designed to aid the development of township enterprises, to be reoriented to the need of supporting major township enterprises that will stimulate the emergence of more enterprises by relying on science and technology and on training entrepreneurs outstanding in the promotion of the scientific and technological progress.

He called on various localities to attract more experts and train more local personnel and make more input in the development of agricultural science and technology.

He also called the attention to the roles of the professional research societies and associations, which, he said, should be guided to enter the domestic and foreign markets.

Military

Military Academy Progresses in Medical Research

*OW0902033493 Beijing XINHUA in English 0302
GMT 9 Feb 93*

[Text] Beijing, February 9 (XINHUA)—With the speeding up of reform and opening drive, the Military Academy of Medical Sciences has made marked achievements in research and training of medical personnel.

In 1992, the academy won 81 awards of merit, half of which were of state level or above second-level prizes of the Chinese People's Liberation Army (PLA).

In recent years the academy has set up business relations with more than 40 countries and regions worldwide and sent some 700 scientific and technical workers to study abroad.

Meanwhile, more than 1,400 foreign guests have come to the academy on academic exchanges or for academic seminars.

In cooperation with foreign organizations, more than 20 research programs have been developed with foreign funds.

Companies from the United States, Germany and the Netherlands offered some one million U.S. dollars worth of advanced equipment after they set up laboratories and technical training bases in the academy.

The pathological physiology, biochemistry and pharmacology services of the academy have been listed as key branches of learning by the State Education Commission.

During the seventh five-year plan period (1986-1990), six research programs, which mark the highest technical development level of China, were all appraised as A-class programs.

The academy has won bids for 11 research programs in the eighth five-year plan period (1991-1995), ranking first in the army.

Jiang Zemin Inscription for Militia Hall

OW0802140993 Beijing Central People's Radio
Network in Mandarin 2230 GMT 2 Feb 93

[From the "News and Press Review" program]

[Text] An exhibition hall of the Chinese militia's weapons and equipment is being built in Beijing. Chairman Jiang Zemin of the Central Military Commission wrote an inscription for it.

Economic & Agricultural

Mainland, Taiwan Attempts To Enter GATT

HK0802101493 Hong Kong ZHONGGUO TONGXUN
SHE in Chinese 1109 GMT 7 Feb 93

[“Special Article” by Li Xiaozhun (2621 1321 6150)]

[Text] Hong Kong, 7 Feb (ZHONGGUO TONGXUN SHE)—The mainland is applying for the restoration of its GATT status, whereas Taiwan is applying for admission into GATT. Both events are drawing people's attention and both sides are making all kinds of preparations. But many aspects of the mainland foreign trade structure do not completely conform with international operational standards, and the mainland still insists on entering GATT in the form of “restoring its status as a signatory nation,” whereas Taiwan is facing obstacles resulting from 530 economic and trade questions put by 25 countries, including the EC. Thus the date for both sides' formal admission into GATT will be delayed. Whether or not they can enter GATT this year is even a problem.

According to GATT practice, when applying for GATT membership, a country or region must answer questions on its import policy, system, and tariffs in a work group. GATT has formed a work group comprising 46 members, including the United States and Hong Kong, to review and approve the mainland's application. The main negotiating opponent is the United States, and the major obstacle also comes from the United States.

The problem of “opening the import market” involved in the mediation for initial negotiations on the mainland's application has been resolved following the establishment of the socialist market economic structure and a number of reform and opening up measures on the mainland. The main difficulty facing the mainland is whether to resume its signatory nation status or to “reenter.” Some GATT members still have different opinions on this. The second problem is that many aspects of the mainland's economic and trade structure, including its import system and tariffs, do not completely conform with international operational standards. Some GATT members even insisted that the mainland will enter GATT only under the so-called “selective guarantee provisions.” That is, the mainland is required to fix the reduction rate of its annual import tariffs and the scope of its market openness. These

factors have added to mainland difficulties in holding negotiations with the United States on the question of its GATT entry.

Comparatively speaking, the obstacle to Taiwan's GATT entry as “Taipei, China” is simple. Its main difficulty is to face 530 economic and trade questions put by 25 countries on import regulations, agricultural and intellectual property rights, and government purchases. The Taiwan economic and trade authorities have urged various departments to cautiously answer all the questions and to finalize the answers by the end of this month. In the meantime, a work group on Taiwan's GATT entry is busily making preparations and will hold substantial negotiations on its admission on 25 March.

News was spreading earlier that both sides' entry would take place in the middle of this year. Apparently, this cannot be ascertained. The relevant mainland official quietly pointed out that mainland entry into GATT this year is difficult to guarantee; what the mainland can do is to strive for it. But one thing can be said for sure: Taiwan will enter GATT as soon as the mainland resumes its membership.

Foreign Investment in Infrastructure Urged

HK0902061993 Beijing RENMIN RIBAO in Chinese
25 Jan 93 p 1

[By Zhang Guorong (1728 0948 2837): “Ministry of Communications Encourages Foreign Businessmen To Build Highways and Ports in China With Their Own Exclusive Investment”]

[Text] Beijing, 24 Jan (RENMIN RIBAO)—This reporter has learned from the national communications work meeting, which was held several days ago, that the Ministry of Communications will further intensify wider the degree of reform and opening up. Given the favorable factors for introducing capital for communications development, advanced technological equipment, and scientific management experiences, foreign businessmen will be encouraged to set up joint ventures or solely invest in the construction of highways, independent bridges, and tunnels. Foreign businessmen will also be allowed to solely invest in the construction of purpose-built wharfs and waterways.

According to the relevant laws and regulations, the Ministry of Communications will encourage joint ventures to construct and run public wharfs and will allow joint-ventures to run such businesses as loading and unloading, storage, assembly and disassembly, packaging goods, and related road and water transport. Joint ventures will also be allowed to rent wharfs, while Chinese partners can become stockholders in kind (including maritime infrastructure) to run businesses loading and unloading goods at the wharfs. Foreign investors will be allowed to develop tracts of land and to construct and run special-purpose harbor areas and wharfs.

With regard to sea routes, which shipping companies in China cannot open at present or to which scheduled vessels are less frequent, we can, while adhering to the principle of equality, let foreign-invested and Overseas Chinese-invested regular cargo ships berth at ports in our country, but they must not conduct coastal and inland water transport. Foreign shipping companies should be allowed to start solely or jointly invested shipping enterprises within our territory step by step in accordance with international practice and after being authorized and to engage in international transport activities, including freight handling, signing shipping documents, settling bills, and signing contracts for their own vessels.

Overseas Investment Becomes 'Leading Force'

OW0802130093 Beijing XINHUA in English 1208 GMT 8 Feb 93

[Text] Beijing, February 8 (XINHUA)—Enterprises using overseas investment have become a leading force in China's foreign trade.

According to statistics released by the China Customs, enterprises using overseas investment, including joint ventures, cooperative enterprises and wholly foreign-owned enterprises, recorded a record 43.75 billion U.S. dollars in import and export trade in 1992, accounting for a quarter of the country's total of 165.6 billion U.S. dollars.

Leading the way were Sino-foreign joint ventures, which exported more than 10.46 billion U.S. dollars worth of goods and imported goods valued at 17.22 billion U.S. dollars, with the combined volume of imports and exports accounting for over 60 percent of the total for all foreign-funded enterprises.

Wholly foreign-owned enterprises recorded the biggest increases in import and export, with their imports rising by 75.6 percent and exports by 73.2 percent.

According to customs officials, processing trade made up the main part of the exports by foreign-funded enterprises, which accounted for 88.3 percent of the total.

Among the products exported by foreign-funded enterprises, manufactured goods accounted for 94 percent.

The main markets for the export by foreign-funded enterprises were Hong Kong, the United States, Japan and European Economic Communities, which took in 87.4 percent of such exports.

Overseas investors brought eight million U.S. dollars worth of equipment in 1992 for use as their share of investment. This figure was more than 70 percent over that of the previous year.

The materials and parts imported by foreign-funded enterprises for processing export products made up more than 50 percent of their total imports in terms of value.

Foreign-Funded Firms' Import, Export Value Up

HK0902010093 Beijing ZHONGGUO XINWEN SHE in English 1417 GMT 8 Feb 93

[Text] Beijing, February 8 (CNS)—According to information from the General Administration of Customs, the import and export value of foreign-funded enterprises in 1992 reached US\$43.75 billion, 51 percent up on the year before and accounting for more than one quarter of the total nationwide, an all-time high.

Foreign-funded enterprises undertaking industrial manufacturing accounted for 94 percent of all such enterprises. Machinery and electronic products ranked first, with an export value of over US\$100 million each. Such products included tape recorders, TV sets, containers, watches, and bicycles. Their export value accounted for more than 40 percent of all such production in this category in the country.

Other main exports included textiles, garments, shoes, toys, plastic products, and aquatic products, all registering a high growth rate and accounting for nearly one half of total export value nationwide.

Circular Issues Guidelines Restricting Investments

HK0902034693 Hong Kong CHING CHI TAO PAO in Chinese No 3, 18 Jan 93 pp 28-29

[From "China Economic News" column: "Correctly Guide Fixed Assets Investments"]

[Text] Recently, the central authorities and concerned State Council ministries issued an emergency circular calling for the correct guidance of investments in fixed assets. The main content of the circular is as follows:

1. The supply of capital must practically guarantee the needs of key construction and technological transformation projects.
2. Banks must strictly ensure that they do not extend credits to duplicate, low-level construction projects, which have been explicitly restricted or banned by state industrial policies, and to projects for overstocked products and without sales markets.
3. Fixed assets investment in the form of defaulting on funds is strictly prohibited. Regarding project funds for which various areas were in arrears in 1992, the units concerned must repay them within the same year, otherwise investment in capital construction and in technological transformation as well as the scale of bank loans appropriated to those areas for the following year will be cut.
4. Lending plans for investments in fixed assets readjusted in 1992 must not be overfulfilled. All units are strictly prohibited from circulating inappropriate funds and loans, borrowing funds, and using profits and taxes which should have been turned over for investments in

fixed assets. Advancing bank loans to fill gaps in self-financed investments is strictly prohibited.

Ministry Says Trade Volume Ranks 11th in World

OW0802142393 Beijing XINHUA in English 1403 GMT 8 Feb 93

[Text] Beijing, February 8 (XINHUA)—China now ranks as the world's eleventh biggest trader, based on last year's increase in the volume of trade.

Sources from the Ministry of Foreign Economic Relations and Trade (MOFERT) said that China's trade volume of 165.63 billion U.S. dollars last year was 1.4 billion U.S. dollars more than that of Spain, now placed 12th on the list.

A MOFERT official said that China's annual import and export volume now outpaced that of Taiwan, the Republic of Korea and Singapore, three of the Asia's "Four Dragons."

It is estimated that last year's trade volume of Hong Kong, which is listed as tenth, would reach 240 billion U.S. dollars.

China's rise in imports was 8.1 percent higher than that in exports last year, the official said.

The structure of the country's export products has been improved and the volume of the finished products reached 67.94 billion U.S. dollars last year, covering some 80 percent of the year's total export volume.

China's returns in foreign trade were basically sound last year, the official said, and state foreign exchange reserves were about 20 billion U.S. dollars.

State To Match World Bank Loan Funds

HK0802030893 Beijing CHINA DAILY in English 8 Feb 93 p 2

[By staff reporter: "\$490m Loan for Grain Stores"]

[Text] China is to borrow \$490 million from the World Bank to ease the shortage of grain storage facilities.

And the government will match the loan dollar for dollar in an attempt to build more warehouses over the next five years.

It is the largest World Bank loan to China for a single project and the single largest government investment in grain management, the Beijing-based CHINA BUSINESS TIMES said at the weekend.

The World bank decided to grant the loan to China following final appraisal recently of a grain preservation programme, compiled by the State Council, which plans to build storehouses capable of storing 10,000 to 15,000 million kilograms of grain along important railway lines.

The programme will cover the construction and renovation of 369 grain silos, 18 sea and river wharfs especially for grain handling, 88 facilities for grain transfer and 123 sets of grain drying equipment.

The money will also be used to purchase trucks, ships, and trains.

The Ministry of Commerce, which is in charge of grain management, is making preparations with local governments for the huge grain project which should get under way this year.

The grain storage shortage problem is getting worse year after year along with the increase in agricultural production, according to grain management officials.

They said that the shortage of storehouses has caused difficulties for farmers trying to sell their grain to the State.

But the State has a fund shortage as well to build new storehouses for ever-increasing harvests.

More than 50 million metric tons of grain were reported to have been stored in the open air across the country last year.

The shortage was more serious in grain-rich Northeast China, said local newspapers.

Zhu Rongji Discusses China's Market Economy

HK0902095993 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 0716 GMT 8 Feb 93

["Special Feature" by Lin Yang (2651 2799): "Zhu Rongji Discusses China's Market Economy"]

[Text] Beijing, 8 February (ZHONGGUO TONGXUN SHE)—Not long ago, [State Council Vice Premier] Zhu Rongji said in a discussion on China's socialist market economy, clarifying the purpose and main theme from the outset: "The theory of building socialism with Chinese characteristics put forth by Deng Xiaoping, chief architect of China's reform and opening up to the outside world, is entirely correct."

Zhu Rongji maintained: In the last 10 years or so, China has initially established a market-based pricing system. Of the current prices of consumer goods, the prices of just a small number of products (mainly coal and petroleum) remain under government control. China has freed itself from the most important aspects of the traditional planned economy's pattern and embarked on an irreversible, completely new path of development.

Through 10-odd years of price reform, the general public has become relatively familiar with and enabled to adapt itself to market mechanisms. It already has a comparatively sound capability to withstand strains and understand market mechanisms both economically and psychologically. Market economy no longer remains at the

conception of the economics textbook. It has really become an actual environment in China's public life.

Zhu Rongji held: The transition from the planned economy to a market economy is a complicated process. Commodity price reform is just a step toward the establishment of a market economy. As far as prices are concerned, the prices of some important raw and semi-finished materials and energy will still be subject to mandatory planning. Communications charges, railway transportation charges, in particular, are extremely low. Reforming these price systems as quickly as possible is extremely necessary in alleviating the perennial shortages in infrastructures and basic industries and restructuring the national economy.

Zhu Rongji said: To establish a socialist market economy, it is necessary to open up to the outside world. From the beginning of the 1980's, China first successfully established the four special economic zones of Shenzhen, Zhuhai, Shantou, and Xiamen; then opened 14 coastal port cities; set up economic development zones in the Chang Jiang and Zhu Jiang deltas, southeast Fujian, and the Bo Hai-rim area; and opened and developed Hainan Island, thus forming a coastal open region linking both sides of the Chang Jiang with a population of 200 million people or so and an area of more than 300,000 square km. Recently, China has decided to open up to the outside world 28 cities and eight prefectures along the banks of the Chang Jiang and 13 border cities in the northeast, the southwest, and the northwest. The eastern open coastal area, the area along the banks of the Chang Jiang with the opening and development of Shanghai's Pudong as the dragon's head, the border area, and the hinterland area with provincial cities as the center have thus formed a multilayer, multichannel, and omnidirectional new open pattern. China has further relaxed its foreign capital utilization policy, and allowed foreign investment to gradually expand from the production sector to such sectors as finance, commerce, communications, tourism, and tertiary industry. China's market has been linked with the international market quite extensively and intensively. Its economic and trade relations and technological cooperation and exchange with other countries have been expanded by a wide margin. Last year, China's total volume of imports amounted to \$135.7 billion, an increase of 260 percent over 1990. By the end of last year, China had practically absorbed \$23.7 billion in direct foreign investment; set up 42,000 foreign-invested enterprises; borrowed foreign loans totaling \$52.7 billion; undertaken more than 1,000 large and medium projects in such areas as coal, electricity, oil fields, chemical industry, railways, airports, roads, and ports; and imported advanced technology and equipment in large quantities, thus promoting the improvement of China's technological levels.

In dealing with the Chinese market economy's future development, Zhu Rongji said: Further opening up to the outside world is China's set national policy. To avoid the confusion, which may possibly arise in the early days of the development of a market economy, and establish

a modern market economic structure on a higher starting level, we should learn the successful experiences of all countries, and use as reference the current laws and regulations which are being widely adopted by the international community, and the government will play a greater role in fostering and organizing the market and carrying out macroeconomic management.

On China's current economic situation, Zhu Rongji held: At present, China's economy is developing healthily and at a relatively high speed. This is the result of the transformation into kinetic energy [dong neng 0520 5174] of the latent energy accumulated over the last 10-odd years of reform and opening up to the outside world.

Many foreigners are worried that China's current economy is overheating. Zhu Rongji said: This worry is understandable. The Chinese Government has also noticed that problems still abound in the structure, efficiency, and other aspects of the national economy; and the bottlenecks in the sectors such as communications, energy, important raw and semfinished materials are hindering the further development of the economy. Departments concerned in China are now taking measures in various ways to solve the problems. He stressed: The Chinese Government is able to macro-regulate and control the national economy and avoid structural dislocation and overheated growth.

Urges Abolishing Protectionism

HK0902034893 Hong Kong CHING CHI TAO PAO in Chinese No 3, 18 Jan 93 p 29

[From "China Economic News" column: "Vice Premier Zhu Rongji Points Out That There Is No Market Unless Local Administrative Protection Is Abolished"]

[Text] Recently, Vice Premier Zhu Rongji pointed out that, as far as the development of the market economy is concerned, it is not possible to develop the economy if we do not work in accordance with the laws of a market economy. If local administrative protection is not abolished and attention is paid only to local interests, it will not be possible to form a unified national market and to have market forces.

Zhu Rongji also pointed out that not only local but state protectionism is intolerable and must be moderated. Only some infant industries should be protected, whereas other industries, in general, must orient toward and compete in international markets. This is an inexorable trend of development in history.

Government To Protect Selected Industries

HK0902033093 Hong Kong MING PAO in Chinese 29 Jan 93 p 9

[By staff reporters: "Automobiles, Chemical, and Electronic Industries Designated as Protected Industries After China Reenters GATT"]

[Text] The Chinese Government has unofficially decided to place the auto, chemical, and electronic industries under protection and speed up the devaluation of the renminbi once it reenters GATT. State foreign-exchange regulatory centers in Shenzhen, Shanghai, and Beijing have all adjusted the exchange rate to a level of \$1 to 8 renminbi.

An official from a relevant state department revealed that, to reduce the impact on indigenous industries of China's reentry to GATT, the government has unofficially decided to designate the automobile, chemical, and electronic industries as the main protected industries after the country becomes a GATT member.

The official pointed out that this had been explicitly put forward, short of making it official, at a new state-run orientation course on GATT entry for factory managers, and that domestically made automobiles and the chemical and electronic industries would be listed as key protected industries. Import tariffs for these products would remain at the present level and basically untouched, but the state would require these industries to do their best to reach international levels as soon as possible, because it would be impossible to keep them under protection indefinitely.

The official also touched on the expected high growth in the domestic automobile market, citing massive infrastructural projects launched by different localities as the main reason. Prospects are looking up for the dump-truck market and for specialized vehicles. Market demand for cement mixers required for infrastructure, sedans particularly suitable for commuting, low and intermediate-grade sedans that can be converted into cabs, and maxicabs will rise by a greater margin this year.

According to another official from a state financial department, the state will not interfere in the accelerating devaluation of the renminbi at various local foreign-exchange markets at present. But after China has entered GATT, devaluation of the renminbi will be quickened. The official admitted in private that the state does not have any specific plans for the renminbi's devaluation. Everything depends on what follows GATT entrance.

The official did not rule out the possibility of keeping the present double-track system in foreign exchange for some time after GATT reentry as a "macroscopic regulatory and control" measure in the financial markets.

The official also revealed that the state's initial target is a rate of \$1 to 10 renminbi, which is the bottom line. The first thing to do now is the pursuit of marketization using the newly established state foreign-exchange regulatory centers as models. But since there is actually a "three-track system," as black market prices have been consistently higher than those quoted by regulatory centers, regulatory centers will first bring their quotations more in line with the black market price.

The official also confirmed that state foreign-exchange regulatory centers in Shenzhen, Shanghai, and Beijing were all quoting the \$1 at an exchange rate of 8 renminbi during the Spring Festival, which was higher than the exchange rate between Hong Kong and the U.S. dollars. He also mentioned that the current U.S. dollar-renminbi exchange rate in the black market is even higher. According to some currency dealers, the exchange rate on the Beijing black market has reached a level of 9 renminbi to \$1, and many people are hoping to buy more U.S. dollars at the \$1:9 renminbi level.

Commentator Warns Against Overheated Economy
HK0902093193 Beijing JINGJI RIBAO in Chinese 17 Jan 93 p 1

[Article by commentator Yang Shangde (2799 1424 1795): "It Is Necessary To Prevent Both Overheated Economic Development and the Practice of Seeking Uniformity in Everything"]

[Text] At a conference held not long ago, discussions were heated as all participants were talking about the economic growth in 1992.

They reached a consensus: The situation is excellent and it is necessary to prevent overheated growth.

The "situation is excellent" is generally acknowledged. Following the talks made by Comrade Deng Xiaoping during his inspection tour of the south last spring, an unprecedented trend of accelerated economic growth appeared nationwide. The country's 1992 GNP increased 12 percent over the previous year, a high growth which has been rare in the past. Meanwhile, opening up spread from the coastal areas to the interior provinces and more foreign investment was used. The volume of imports and exports totaled 165.6 billion yuan in 1992, an increase of 22.1 percent over the previous year. In addition, new strides were made in economic structural reform and price reform in both urban and rural areas.

The warning against "overheated growth" is based on facts. It is not intended just to frighten the public. The big growth in 1992 industrial output value was attained by increased investment and expanded capital construction rather than better efficiency. Heavy industry increased drastically while light industry grew at a low rate, resulting in a large amount of overstock. Some one-third of the budgetary state industrial enterprises were suffering from deficits. There were duplicate projects as well as shortages of energy, raw materials, transport facilities, and communications. There was blindness in the drastic growth of the development zones, real estate, and stock market. In the approved development zone covering an area of 15,000 square km alone, it is estimated that the infrastructure building would require 400 million yuan, which is beyond the capacity of the state and localities. Although the amount of currency issued far exceeded the record level, there is still a shortage of funds, and the practice of giving IOU

notes for purchase of farm and sideline produce prevailed in many localities. Viewed macroscopically, such a high growth apparently cannot continue. If it is not properly handled, it will lead to inflation and grave consequences.

All the participants acknowledged that prevention of the overheated economy is an appropriate measure against the current problem. When discussing the overheated economy of a locality, however, a strange phenomenon occurs: The comrades from almost all provinces, municipalities, and autonomous regions said unanimously: There is no overheated economy in my locality. Comrades from the underdeveloped regions said that we have never experienced an overheated economy, the growth is slow, and "the current economy is cool, to say nothing of overheatedness"; comrades from the intermediate regions said that our regions just experienced a little heat and it is still far from being overheated; while the developed regions said that our growth is a bit fast, but efficiency is high. For example, industrial output value in Shenzhen and Zhejiang increased by a wide margin simultaneously with sales, profits and taxes, and exports—so can such a growth be regarded as dangerous?

"You are overheated but I am not, the whole country is overheated but the locality is not." This phenomenon looks strange, but it also contains some truth. First, the localities do not want to lag behind, and they all want to develop faster. Second, they do not want to admit their overheatedness for fear that their projects would be cut and their development would have to stop, which would be a problem they brought on themselves. It is indeed not worthwhile for "all people to take medicine when some are sick," the underdeveloped regions in particular. They believe that they suffered too much in the past, so they should now become a little wiser. Viewed from partial interests, can we say that the starting point of these comrades is not good? Under the current situation, it should be noted that this phenomenon gives us much food for thought.

In the face of such a situation, a leading comrade from the State Council made the following remarks at the end of the conference: First, the situation is excellent and this should be fully affirmed; second, prevention of overheatedness should conform to reality; and third, settle problems and do not seek uniformity on everything. As the participants were aware of the first two points, what they wanted was the third point. As expected, all participants applauded the remark, and I followed suit.

The leading comrade continued his speech and urged the comrades from all localities to make a practical analysis of their situation and see whether the economy is overheated, and which part is overheated. The following criteria helped them make a judgment: First, is there a short supply of money in your locality? Where have the funds for purchasing farm produce gone? Is the scale of capital construction too big? Second, is the temporary factor of high industrial growth or the foundation of lasting growth playing a role? Comrade Xiaoping called

for "scaling a new height at an interval of a few years." Can a province do so by extraordinarily developing large areas of land every year? Third, is the high growth obtained by tapping enterprise potentials or by developing projects on a large scale, or is it exchanged for a large amount of capital input? Fourth, what is the proportion of light industrial growth? Heavy industry is boosted by increasing investment, while light industry is boosted by the market, so should the excessive growth of heavy industry be regarded as overheated...? These questions were mild and pertinent. All localities were asked to examine themselves and adopt measures suited to their situation.

Although the comrades from all localities were unwilling to admit in Beijing their overheated growth, we learned from television, radio, and press reports after the conference that a number of localities had started to take action. For example, some localities screened their development zones and suspended construction of the projects where conditions were not yet ripe; some others lowered the unrealistic growth, paid attention to efficiency, and no longer vied with one another for a high rate. In light of the directives of the CPC Central Committee and State Council, funds were raised to repay the rural debts, the question of agriculture which was once neglected for some time in certain localities was seriously dealt with, and invigoration of large and medium enterprises once again became the focus of attention. The places to be heated were heated and the overheated growth was cooled down. Although no unified decree was issued on overheated growth, all localities were undergoing readjustment because they realized through analysis that if the problems are not resolved, they will bring grave consequences to local economic development and social stability.

The phenomenon of overheated growth or coolness in certain aspects is unavoidable in economic development. Under the traditional planned economic system of the past, we usually adopted the means of political mobilization or mandatory orders to command economic work. When there was a call for development or cooling down, all localities ran headlong into mass action. When there was a call for emancipation of the mind, all localities went all out and vied with one another for a faster rate, irrespective of the actual conditions. When there was overheated growth, uniformity was practiced in cutting all the projects and those that should be heated were also cooled down. Such fluctuations and repetitions resulted in serious waste.

As we are now effecting a transition to a socialist market economic system, the traditional means of commanding economy should also change. Above all, no movements should be launched in economic work. As the situation of all localities varies, it is necessary to combine emancipation of mind with seeking truth from facts rather than blindly vie with one another and simply "follow the political atmosphere." Instead of unrealistically doing superficial work, we should try out best and act according to our capability. Second, it is necessary to

study and find a solution to macrocontrol and regulation under a market economy. Although necessary mandatory orders are indispensable, the "uniformity" mandatory orders alone will probably not work on more circumstances. Viewed from the current conference, transmitting information, explaining the advantages and disadvantages, reminding the participants, and defining the responsibilities constitute one of the means. Nevertheless, it is more important to adopt economic means, which include exercising control over currency issue and capital flow, applying interest and tax rates to readjust and guide the growth, and formulating and strictly enforcing economic laws and regulations. This is not tantamount to uniformity. Instead, the localities and enterprises are encouraged to undergo readjustment so as to maintain a sustained, coordinated economic development.

The problems which cropped up at the current conference give us much food for thought. We hope that this will draw the attention of the departments concerned.

Tighter Controls Planned for Development Zones

HK0702091693 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 7-13 Feb 93 p 1

[By Yin Xin: "Government To Tighten Restrictions on Zones"]

[Text] The State Council has announced it will recommend imposing tighter controls over new economic development zones in an effort to curb what has become in some cases a blind capital construction craze.

Some economists believe that the creation of economic development zones, and subsequent speculation on real estate, suggest that these sectors already are overheated.

Nobody knows exactly how many such zones, which attract investment with a variety of tax breaks and other favourable policies, have been launched in China.

The State Economic Planning Commission says there are 1,700. The Special Economic Zone Office under the State Council says 1,800. the State Land Administration says its latest statistics indicate the number now stands at 2,700. And Ministry of Agriculture claims there are 9,000.

The figures, no matter which one is correct, are all rather astonishing given that there were just 117 approved by the end of 1991.

The first three figures mainly include those at the national, provincial and city levels, while the last one includes those at township levels.

National-level development zones number 95, including 19 directly approved by the State Council, 52 high-tech development zones approved by the State Science and Technology Commission, 11 tourism development zones

by the National Tourism Administration, and 13 free trade zones approved by the General Customs Administration.

But besides provincial and city zones, many townships have also invested heavily to launch their own zones.

"There are too many new projects and their scope is too great," said Zhang Zhongji, a government spokesman, last month. "The investment structure is not justifiable.

"Every locality has caught the real estate and development zone fever to the point where some ignore objective conditions, blindly start work and go in for duplicate projects," he said.

China's renewed push for economic reform has sparked a book in fixed asset investment, much of it in development zones, which rose 32.5 percent in 1992 following a 23.9-percent rise in 1991 over 1990. That investment in turn has pushed up the prices of raw materials and services, which has sent inflation higher.

The broadest inflation index, the national price index of living costs, rose 6.2 percent during 1992, against a 3.5-percent rise during 1991.

Still, nobody knows exactly how much land these zones have occupied altogether. The newest statistics released by the State Land Administration said these zones embrace 120,000 square kilometres. But experts consider the figure conservative because some localities have not reported or reported less than they actually have.

The zones altogether have attracted 450 billion yuan (\$79 billion) worth of investment.

But experts say the problem is that foreign investment have mainly concentrated in zones along the coast and in major cities. Zones in the countryside wasted a lot of money in capital construction but have not been able to attract any capital from overseas.

To compete for foreign investment, some zones offer tax breaks and very cheap land in violation of State laws, the experts said.

Rise in Retail Sales Predicted for 1993

HK0902030093 Beijing CHINA DAILY in English 9 Feb 93 p 1

[Article by our staff reporter: "15 Percent Rise Predicted in Retail Sales in '93"]

[Text] Domestic retail sales are predicted to continue their robust growth this year, following an excellent showing last year.

Total retail sales this year are likely to hit 1.256 trillion yuan (\$216.55 billion), a 15 percent increase over the 1992 level.

Most prices, meanwhile, are expected to remain stable, according to sources from the State Information Centre.

The prediction is based on the likelihood of a continuously advancing national economy—expected to grow at a rate 8 to 10 percent faster than last year.

The market specialists expect an increase in the public's purchasing power as consumers' incomes continue to grow by about 15 percent this year.

Affluent consumers are expected to purchase a significant amount of high-grade commodities, such as private apartments, cars, jewelry, air conditioners, cellular phones, and fashion garments. People with lower incomes are likely to purchase food and household articles, such as electric water-heaters, cosmetics and materials for interior decorations, said Zhang Shuping, director of the China Commercial Information Centre.

He predicted that market demand for these commodities would continue to grow for several years.

Large-scale changes have taken place in China's domestic market in the last 14 years. Commodities are improving both in variety and packaging quality.

Meanwhile, producers and wholesalers are engaged in heated competition, which includes giving prizes to buyers and improving the quality of goods while maintaining price stability.

A survey conducted by the Ministry of Commerce last year indicated that 25 percent of the 695 major commodities remain overstocked, while another 10 percent are in short supply. The rest are roughly balanced between market supply and demand.

Figures from the State Statistics Bureau showed that retail sales totalled 1.1 trillion yuan (\$188 billion) in 1992, 15.7 percent more than the previous year.

Private businesses recorded sales increases of 21.3 percent, while State-owned shop sales rose 17.6 percent.

The country's eastern and coastal areas, where people's income is higher than in other parts of the country, saw the biggest increases.

Retail sales in Fujian Province grew by 24.9 percent and in Guangdong Province, 22.9 percent.

Experts attributed the prosperous market to the fast development of China's economy, the rapid expansion of light industry and good agricultural harvests through the past few years.

China's total industrial output last year saw an increase of 25.6 percent over 1991, while grain production rose 1.7 percent from the previous year.

Article Calls for Reform of Dossier System

HK0802024593 Beijing JINGJI CANKAO BAO in Chinese 16 Jan 93 p 7

[Article from ZHONGGUO JINGYING BAO by Yang Chunpu (2799 4783 2613): "It Is High Time to Reform China's Dossier System"]

[Text] I was a little surprised to find that the problem of the dossier system has not become a main topic in the newspapers, though many people were talking about it and were restrained by it.

Has the 14th CPC National Congress not proposed developing a market economy? My limited knowledge about economics tells me that under a market economy system, we should open not only commodity markets such as supermarkets and rural fairs, but also the market for essential factors of production, of which the labor market is an essential part. This means labor must be allowed to flow freely.

I, a university graduate of law, was assigned by mistake to a middle school to teach politics. For many years, I have repeatedly tried to change my job. But the problem concerning my personal file stood in the way. I was even threatened with having my status as a cadre revoked.

In China, nobody knows how many people have received the same treatment I did. When skilled people are suppressed, how can a market economy be established? (by Liang Keming in Beijing)

The Dossier Has Indeed Been "Devaluated"

The dossier remains a "commonly used rice coupon" in China. This is especially true for cadres (namely, skilled people). Wang Aiwen, a researcher from the Beijing Institute of Labor Science, said: The dossier states a person's status, the treatment he receives, and other things concerning politics. It serves not only as a certificate of identity, but is also related to the establishment quota. If you do not have a dossier, you are an illegal resident and will not be given a job by "formal" state departments. You are allowed to be transferred between state-owned units on condition that you have a dossier. Therefore, the dossier imposes a strong restraint on the flow of skilled people. As long as the unit you belong to refuses to send your dossier to other units, you will be transferred nowhere.

With a sharp increase in the number of units which are not owned by the state, the restraint the dossier put on the flow of skilled people has weakened to a certain degree. Wang Aiwen believed that the flow of qualified people among foreign-funded, township, and private enterprises is in fact not restricted by the dossier system. There is no difference among workers and staff of these enterprises in terms of status. In these enterprises workers are hired irrespective of their political status and past performance. In the future, the dossier system will certainly apply a decreasing restraint on the flow of qualified people.

Policy Decisionmaking Departments Have Yet To Heed Contradictions Between the Dossier System and the Market Economy

It is understood that the central government's policy decisionmaking departments have not attended to the contradictions between the existing dossier system and the establishment of a market economy, or at least they have not discussed the reform of the dossier system.

Mr. Youji [3945 0370], a China expert from Australian National University, said that China's dossier system exercises a powerful political control over individuals.

It is for this reason that any unit can use the dossier system as it pleases and compel you to submit.

However, things in present-day China show there is a change in the role the dossier system plays. Leaders of units or the public have begun to attach importance to people's actual ability rather than their political performance. But it will take a fairly long time to thoroughly get rid of this time-honored practice and our efforts are bound to encounter considerable resistance.

Youji added: The dossier system will continue to play an additional role as does a social security system for a fairly long period to come. Since China has not set up an effective social security system, the dossier which states a worker's length of service, his qualifications, the pension he receives, and the treatment with respect to housing and medical care he is entitled to will serve as a certificate qualifying him for benefits given by the unit to which he belongs. He will not be lawfully entitled to these benefits without a personal file. This is a very important factor hindering the flow of skilled people.

To eliminate the restraining effect of the dossier system, we must set up a unified social security system nationwide and substitute a new system in the form of a "social security card" or other forms similar to the role played by the dossier system. In foreign countries, whether one is entitled to medical insurance or retirement treatment depends on whether or not he has a "social security card," which states whether he has paid the insurance premium or not.

What Should You Do If Your Dossier Is Withheld by the Unit to Which You Belong?

We learn from what was said above that the dossier system still imposes a powerful restraint on the flow of skilled people.

If you get into trouble in this respect, are you in a helpless position?

Cadres of the deployment department's transfer section of the Personnel Ministry, the arbitration section of the Labor Ministry's employment department, and of the Talents Exchange Center asked me to tell our readers: If your unit prevents you from being transferred to another post by withholding your personal file, you can turn to the arbitration institution under the local personnel

department (for cadres) or under the labor department (for workers) for help. The Labor Ministry and labor departments in various places have set up arbitration institutions to deal with labor disputes.

A person in charge of the Personnel Ministry's transfer section said: The arbitration institutions set up by the labor departments function comparatively well. The personnel departments have just begun doing arbitration work and the Personnel Ministry has only set up arbitration offices in Beijing and in one or two provinces.

The cadre added: The Personnel Ministry is making vigorous efforts to advance the work, urging various places to set up or improve the arbitration system as soon as possible. It is also considering setting up a national arbitration institution.

Direct Renminbi Conversion Planned 'This Year'

HK0802102093 Hong Kong SOUTH CHINA
MORNING POST (BUSINESS POST) in English 8 Feb
93 p 1

[By Kent Chen in Guangzhou]

[Text] People's Bank of China officials say the mainland will allow foreign currencies to be directly converted into renminbi from this year.

Foreign visitors currently have to buy Foreign Exchange Certificates (FECs), officially worth the same as the yuan. But in Guangdong, especially Shenzhen, renminbi and Hong Kong dollars are more commonly accepted.

Mr Zhu Wanli, president of the bank's Guangdong branch, said yesterday that China would not suddenly halt the use of FECs. "FECs are approved by the state and their circulation is legal. But with the reform in the foreign exchange market, they will gradually disappear," he said.

The deputy president of the bank, Mr Tan Zhuohuai, said the reform in the foreign exchange market would make it possible for currencies to be directly converted into renminbi this year.

Mr Tan said Guangdong's rapid development meant the province might introduce the new measure as early as March.

Mr Zhu said China's central bank was studying ways to curb the black market in foreign exchange, including opening the forex market to individuals. He was confident that the National People's Congress would map out measures to improve the financial sector at its meeting in Beijing in March.

Mr Zhu said it was understandable that the people of Guangdong were keen to hold foreign currencies. But he stressed that the value of the renminbi would remain stable.

Reform of Industry, Commerce Management Noted
OW0802062193 Beijing XINHUA Domestic Service in
Chinese 0845 GMT 7 Feb 93

[By reporter Fu Gang (0265 0474)]

[Text] Beijing, 7 Feb (XINHUA)—How should the Administration of Industry and Commerce help state-owned enterprises change their operational mechanisms? Responding to this question during an interview with this reporter, Liu Minxue, director of the State Administration of Industry and Commerce, said: Local administrators of industry and commerce should further emancipate their minds, change their concepts, and follow the principles of the market economy to effect a fundamental change in our old practices of many years designed to serve the old economic structure. We should change from traditional supervision to internationally accepted management practices, and from direct management to legal and administrative supervision.

Liu Minxue said: The old system of industry and commerce administration was designed to serve the planned economy in many respects. For instance, enterprises are subject to control by more than 100 kinds of business permit and special approval, and the scope and ways of their operations are subject to many restrictions under relevant regulations. In the management of advertising, the authority to examine and approve is highly centralized and the number of advertising agencies is unduly restricted. To break these conventions, which obstruct development of a market economy, the State Administration of Industry and Commerce has recently issued "Proposals on Improving Registration of Enterprises, Promoting Reform and Opening Up, and Economic Development". The 40-point plan deals mainly with the following five areas:

—We should actively support large and medium state-owned enterprises in organizing enterprise groups and implementing the shareholding system on a trial basis. We should permit enterprises to engage in comprehensive operations and in trades other than the originally registered fields, if they are capable of doing so. We should further relax the control of operations of commercial, materials supply, and marketing enterprises. Those with the necessary conditions should be permitted to engage in wholesale and retail business or to serve as purchase, sales, storage, and transport agents. If the raw and processed materials bought by a productive enterprise are of the wrong specification or in excess of requirements, the enterprise should be permitted to exchange them with other enterprises for something else, or sell them. Large and medium state-owned enterprises, after obtaining approval from the authorities, should be permitted to directly handle the export of their products as well as the import of needed raw and processed materials. Foreign trade enterprises should be permitted to engage in the marketing of some goods on the domestic market.

—We should energetically support collectively owned enterprises in developing tertiary industry, including commerce, the catering trade, repair services, cultural and recreational services, and other services to the people in both urban and rural areas.

—During the course of changing government functions and streamlining administration, we should support government organizations in running operational entities which separate government functions from enterprise management. Some government departments may be officially turned into economic entities. Internal services of party and government organizations may be open to the public and provide paid-for services to the people. Cadres and specialized technical personnel of party and government organizations may be detached from party and government organizations and run developmental, technological, economic or service enterprises.

—We should support the development of a socialized agricultural service system.

—We should accelerate the delegation of authority in the registration of foreign-funded enterprises. We should support the use of foreign capital in the development of tertiary industry, such as land development projects, large retail stores, and transport, banking, insurance, and tourism businesses.

On the topic of accelerating legislation for a market economy, Liu Minxue said: At present, there are six laws which are closely related to the Industry and Commerce Administration's work—"Corporation Law," "Fair Deal Law," "Economic Contract Law" (revised), "Trademark Law" (revised), "Arbitration Law," and "Consumers' Rights and Interests Protection Law." This administration has finished the revision of the "Economic Contract Law" and "Trademark Law" and has submitted the revised versions to the State Council. In addition, this administration has also finished the drafting of the "Fair Deal Law" and "Consumers' Rights and Interests Protection Law" and will submit the drafts to the State Council soon.

Machinery Industry Opens Up To Foreign Investors

HK0702091493 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 7-13 Feb 93 p 1

[By Qu Yingpu: "Green Light for Investors"]

[Text] China's machinery industry, a slow starter in the race for foreign investment, is offering its biggest and best enterprises as well as its key products to foreign investors this year.

"There will be no 'forbidden zone' for foreign investors in the machinery industry," He Guangyuan, Minister of Machine-Building and Electronics Industry, said in an interview with Business Weekly.

Important large and medium State enterprises that play a key role in national economic construction will be eligible for conversion into Sino-foreign joint ventures, He said.

And in a change from previous policy, the Chinese equity in the ventures will not have to exceed 50 percent, he said.

Foreign-funded enterprises will be allowed to produce any kind of machinery, including those that are "vital to the national economy and people's livelihood," he said.

A larger share of the domestic market will be opened to overseas-funded machinery firms in a move to attract foreign capital, He said.

The minister urged inland enterprises to open "windows" in coastal and border areas and areas along the Yangtze River in a bid to seek foreign investors.

The ministry has announced a priority list of key areas for foreign investment this year.

The listed projects include power plants transformer equipment, highway construction machinery, and basic machinery products, such as advanced machine tools.

At present, direct foreign investment in the machine-building sector only accounts for 3.8 percent of the national total. But the situation started to change last year.

Between January and September last year, 1,000 foreign-funded enterprises worth \$1 billion in investment were approved in the machine-building sector.

Major sources of investment are the United States, Germany, Japan and Switzerland.

"We are eager to get foreign investment," he said, "because we need foreign capital and technology to upgrade the industry and to promote the competitiveness of Chinese-made machinery on the domestic and foreign markets."

Besides direct overseas investment, he said his ministry will strive to get more foreign governmental and commercial loans and buyers' credits.

The ministry is planning to use buyers' credits from more than 10 countries this year, including the United States and Germany, to import a sizable amount of key equipment.

He disclosed that China is negotiating with the World Bank to get loans for renovation of chemical fertilizer production equipment in Shenyang, Liaoning Province and Lanzhou, Gansu Province.

Sources said the \$150-million World Bank loan is part of a 2.1-billion-yuan (\$362-million) Shenyang World Bank project that is concentrating on overhauling several key machine tool factories.

A feasibility study will be appraised next month by the China department of the World Bank.

Chinese enterprises are also talking with Eaton's of the United States, Siemens of Germany and ABB, an international conglomerate, to launch joint ventures producing hydropower equipment and hydraulic pumps.

Jinan No 1 Machine Tool Factory is also negotiating a co-operation project with Germany's MAHO, the third-largest machine tool factory in Europe.

China has produced more than 120,000 machine tools a year in the last couple of years, of which 3,500 were digital-controlled. It is set to boost its production capacity of digital-controlled varieties to 6,000 a year in the near future.

'Massive' Investments Planned for Energy Industry

HK0702081793 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 7-13 Feb 93 p 8

[By Ying Pu: "Turning Up the Heat on the Energy Industry"]

[Text] The Chinese Government has announced massive investment plans this year to expand the country's energy industry in a bid to cope with a worsening power shortage as a result of high economic growth.

The central government alone has promised to channel 71 billion yuan (\$12.5 billion) worth of investment into the energy industry in 1993, which represents a hefty 44.4-percent rise over last year.

Plus provincial investment, total input on energy projects this year is sure to surpass 100 billion yuan (\$17.5 billion).

Of the total investment, 16 billion yuan (\$2.8 billion) will be poured into coal mines to increase national coal production by 30 million tons a year.

A big chunk of the investment, 52.2 billion yuan (\$9.2 billion), will be channeled into electricity production and transmission. That is 50 percent more than in 1992. Hydropower projects will absorb 31.1 billion yuan (\$5.5 billion), thermo-power projects will get 11.5 billion yuan (\$2 billion) and the rest will go to electrical transformation projects.

New generators to be put into operation this year will have a total generating capacity of 20.7 million kilowatts, including 11.5 million kilowatts from 28 thermal power projects and 9.2 kilowatts from hydropower projects.

Planning on another 23 projects with a total generating capacity of 22.2 million kilowatts will begin this year.

The remaining 40.9 billion yuan (\$7.2 billion) will be invested in petroleum and natural gas projects.

Of that, offshore oil projects will absorb 1.4 billion yuan (\$245 million), while onshore oil projects will get 39.5 billion yuan (\$6.9 billion).

Altogether, new projects could add an annual output of 16.5 million tons of oil and 500 million cubic metres of natural gas to the industry.

According to the government's plans, China will produce 1.1 billion tons of coal this year, 40 million more than last year. It will turn out 140.8 to 141.3 million tons and 16 billion cubic metres of natural gas. The 1993 production plan of electricity will top 800 billion kilowatt-hours, up 8.1 percent.

Analysts said the power supply shortage this year is expected to ease, but coal firms still face heavy losses from operations.

New mines opened in the last five years turned out 200 million tons of coal.

Oil production emerged from a slack period and began to report steady increases. Also, nuclear power stations began construction.

These achievements have helped rescue a number of power-hungry industries.

But in the meantime, because of low selling prices for power, backward production technology, and the high costs of input into energy production, coal enterprises alone suffered a total loss of 12 billion yuan (\$2.1 billion) last year while oil enterprises also recorded an overall loss of 10 billion yuan (\$1.75 billion). To help these companies survive, the central government had to subsidize them to the tune of 10.8 billion yuan (\$1.9 billion).

To solve the problem, these companies are looking for cooperative projects including mining and prospecting in neighbouring countries such as Southeast Asia and the former Soviet republics.

Commentary Defends Deregulation of Coal Prices

OW0702191393 Beijing XINHUA Domestic Service in Chinese 0149 GMT 7 Feb 93

["Economic Commentary" by XINHUA reporter Zhang Chaowen (1728 6389 2429)]

[Text] Beijing, 7 Feb (XINHUA)—Shortly after the advent of the New Year, the prices of coal used in power generation and those of washed coal—prices that had been under state control for more than 40 years—were fully deregulated. The prices of coal under unified state distribution were also gradually decontrolled in north-eastern and eastern China and in Hunan. These prices had always been set by mandatory state plans. Total coal volume that will directly enter the market this year is expected to surpass 900 million tonnes, or 83 percent of the national output of raw coal.

The deregulation of coal prices, which have long violated the law of value, has caused excitement among the 7 million miners. However, some people worry that a deregulation of coal prices on this grand scale will let the "tiger" out of the cage.

Coal is an industrial fodder; it is indispensable to various industrial sectors and to hundreds of millions of people. Sold over the years at state-established, below-cost prices, it has aided the development of the entire processing industry. The coal industry itself has thereby become the country's major deficit-ridden sector, incurring increasingly heavy losses. Some people liken the coal industry, which has chronically suffered policy-induced losses, to a caged tiger. They think that decontrolling coal prices—the releasing of the tiger from its cage—will cause coal prices to soar nationwide and, in turn, trigger price hikes in society at large.

Will the deregulation of coal prices definitely lead to price increases?

Theoretically speaking, once price controls are lifted, coal mines are sure to increase their selling prices which, over the years, have remained below cost. Coal is an energy product that is used extensively in our country; any price increase in coal will affect the prices of other products. In reality, whether the decontrol will sharply increase coal prices depends on whether overall supply and demand is in balance, whether the prices of other products in society will rise accordingly, and how well enterprises in processing industries will be able to withstand the impact.

Market surveys show that the removal of price controls will not sharply escalate coal prices because the gap between supply and demand has been narrowed. In early 1992, the entire country produced more coal than was needed, leading to a coal stockpile totaling more than 200 million tonnes. While the industrial output value for all of 1992 rose more than 20 percent, the output value of coal grew just 1.8 percent. Nevertheless, greater energy savings on the part of enterprises led to more than 200 million tonnes in coal reserves by year's end. Experts forecast that if last year's industrial growth rate continues into this year, coal will continue to find a buyer's market, even if its output does not increase. This prediction is based on the assumption that the transportation of coal is guaranteed. In a market economy, prices are regulated by supply and demand. An ample supply of coal will not cause prices to increase. It appears that now is the right time to decontrol coal prices.

On the other hand, a significant number of enterprises in our country have long become accustomed to the market prices of coal. It is common knowledge that there are a substantial number of coal profiteers in our country. A tonne of coal sells for only several dozen yuan at a state coal mine in Shanxi. However, this same tonne can fetch more than 200 yuan by the time it reaches southern Jiangsu or Guangdong, thanks to the efforts of profiteers. The result is the impoverishment of coal miners, the

enrichment of coal profiteers, and the incurring of losses by coal users. Commenting on this issue, the owner of a village and township enterprise in southern Jiangsu said: "By decontrolling coal prices, we are allowing coal mines to sell their products directly on the market according to market prices. This serves the two-fold purpose of reducing the intermediate links during the process of distribution and eliminating policy-induced losses at coal mines. We, the coal users, have long been accustomed to the market prices of coal."

According to market data released by the Ministry of Energy Resources, the market prices of coal are about the same as last year's levels after coal prices were decontrolled in east and northeast China. Some localities have even experienced slight decreases in prices.

It is understood that our country will decontrol all coal prices over the next three years. Meanwhile, the state will stop paying the coal industry huge amounts of policy-related subsidies.

The deregulation of coal prices obviously is not letting the "tiger" out of the cage; it is unfettering the long-shackled coal industry so that it can plow through the waves of the market economy as it moves toward a sound pricing structure.

LIAOWANG Views Growth of Capital Market

OW0602131993 Beijing XINHUA in English 1158
GMT 6 Feb 93

[Text] Beijing, February 6 (XINHUA)—China's capital market is sprouting, according to the overseas edition of "OUTLOOK WEEKLY" [LIAOWANG].

In an issue to be published next Monday, the magazine states that investment in various forms of share-holding has appeared in many economic sectors and regions. For instance, the Dalian Securities Company includes the following types of capital: five million yuan from the Dalian branch of the People's Bank of China, two million yuan from the city financial bureau, two million yuan from the Dalian Harbour Administration, one million yuan from the city credit cooperative and one million yuan from the Hainan Huayin International Trust Company.

The weekly said that the financial sector used to be monopolized by the state. The example above reflects a dramatic change in this field.

Enterprises and other economic entities have also diversified their investments. For instance, the Shanghai Baoshan Iron and Steel Complex has made a series of investments in southeastern coastal areas of China. The Beijing-based Capital Iron and Steel Complex has purchased shares in U.S. and Peruvian firms in addition to making investments throughout the country.

Meanwhile, enterprises in different sectors have been integrated through share purchasing activities. Shareholders in the Zhuhai Hengtong Real Estate Co. Ltd.

include businesses in the fields of metallurgy, building materials, construction, machine-building, electronics, and motor vehicles. In Shenzhen, Shanghai, Dalian and other coastal cities, new enterprises with a single investor have markedly decreased.

Moreover, new capital-intensive economic conglomerates have come into being in coastal areas.

China's fledgling capital market has the following features: legal entities hold a small proportion of shares while state and collectively-held shares account for the overwhelming majority in terms of assets.

Main sources of funds for shareholders include bank savings of urban and rural residents, funds of self-employed persons, state capital, and capital accumulated by legal entities and foreign investors.

Import Regulations for Bonded Groups Published

HK0602073093 Beijing ZHONGGUO XINWEN SHE
in English 0639 GMT 6 Feb 93

[Text] Beijing, February 6 (CNS)—The General Administration of Customs has published the "Administrative Methods of the General Administration of Customs of the PRC for Bonded Groups Specializing in Imported Materials for Processing" effective on February 10, 1993, in a bid to meet the needs of reform and opening as well as foreign economic and trade development, while at the same time supporting and promoting the intensive processing business involving the processing of imported materials and parts for export.

"Bonded groups for imported materials for processing" refers to enterprises which, with the approval of the customs, are entitled to the management of import and export, engage in multi-level-and- procedure processing of imported materials and parts while enjoying comprehensive bonded treatment for all the products turned out by them. The methods require bonded groups and their member-enterprises to observe certain conditions, including the establishment of a special administrative body. Products produced should be commodities for export as required by the state or those for foreign exchange earnings. The groups should be equipped with the facilities, technology and ability necessary for the processing of export products. They should possess warehouses for special use, be staffed by professional personnel trained by the customs and be familiar with the regulations and accounting laws required for the handling of accounts.

Article on Inland Provinces Opening Up

HK0802025193 Beijing RENMIN RIBAO in Chinese
22 Jan 93 p 5

[Article by Liu Xiangdong (0491 0686 2639): "Sail Out to Sea in a Borrowed Ship—Pursue the Massive Foreign-Trade Opening Strategy"]

[Text] The strategy of opening up to the outside world "along the coast, borders, and rivers" has taken our country's foreign trade to a new stage. How do the inland provinces not having any geographical advantage for opening up to the outside world, nor located near "the borders, rivers or the sea," increase the pace of opening up to the outside world? This writer believes that the keys lie in their fashioning a policy out of local conditions, seizing opportunities, and formulating a practicable and feasible strategy for opening up to the outside world.

Sailing Out to Sea in a Borrowed Ship—the Basic Line of Thinking for Accelerating Opening Up

Compared with areas along the coast, borders, and rivers, inland provinces have missed out on many of the preferential policies for opening up to the outside world. But over the years they have worked out their own strong points. Shanxi, for example, is both domestically and internationally known as an energy and chemical industrial base. By developing one's advantages and avoiding one's disadvantages, inland provinces can establish this basic line of thinking for opening up to the outside world: Sail to the sea in a borrowed ship; take areas along the coast, borders, and rivers as a bridge; give play to local strong points; exploit the two kinds of capital, resources, and market; identify the new pattern of opening up to the outside world; and launch oneself on a positive cycle.

"Sailing out to sea in a borrowed ship" means actively expanding and opening up one's province to the rest of the country, strengthening lateral economic exchanges with one's neighbors and provinces and regions along the coast and borders, providing preferential policies in every way, absorbing and introducing talents, capital, technology, and management experience from regions of rapid economic development, attracting coastal resource-industrial enterprises to move inland, and encouraging well-performing firms to set up factories and shops, hold sales promotions, and create various economic ties along the coast and borders.

"Sailing out to sea in a borrowed ship" means that while forming a pattern of total opening up to the rest of the country and the world, we must lay down a strategy of "massive foreign economic and trade" opening up. Massive economic and trade opening up means pursuing commodity exchanges in a much wider scope, more areas, and more extensive markets, pursuing economic and technological cooperation and trade exchanges, and expanding exchanges with the outside world. We must fully exploit two kinds of resources: domestic and foreign; two kinds of market: domestic and foreign; two kinds of trade: domestic and foreign; two kinds of operation modes: domestic and foreign; and two prices: domestic and foreign and their mutual interactions; fulfill optimized combination and rational arrangement in larger production-factor sectors like resources, capital,

and technology; and promote the upgrading of local production structure and new generations for local product mix.

The pursuit of the strategy of "sailing out to sea in a borrowed ship" can speed up the development of an export-oriented economy and turn a closed-circuit economic model which relies solely on natural resource advantage and low-return resource development into a model that runs in the large circuit of "province-domestic-foreign" economies, channels resource advantage into economic advantage, increases and diversifies exports, stimulates imports with exports, moves in the positive "exports-imports-exports" circuit, and creates a new dimension in foreign trade and economic and technological cooperation.

We Must Establish Five New Concepts for the Pursuit of "Sailing Out to Sea in a Borrowed Ship"

1. **Establish a concept of opening up.** Inland provinces must first overcome the narrow, closed, and conservative predilection for small-scale production; strengthen the sense of the commodity economy; make "going all out to make money" a consensus; and their trade, industrial, agricultural, and scientific sectors must move in unison to fight a good battle on the foreign trade and economic fronts. Second, foreign trade departments should avoid relying on a single export and try to achieve a diversified and multi-channel export pattern. Practices of combined manufacturing-trade enterprises and "foreign-invested" enterprises proved that once firms are granted decisionmaking powers on foreign trade operations and are allowed to directly participate in international division of labor and competition, they will raise their quality and have more vitality. Therefore, large and medium state-owned enterprises and some good township, town, and collective enterprises should be given import and export operation powers and encouraged to run exports themselves. The large and medium enterprises in Shanxi are relatively solid but few of them have foreign trade decisionmaking powers. It is necessary to give foreign trade and export decisionmaking powers to more large and medium enterprises to build a multilayered export structure. Moreover, the development of "massive foreign trade and economic" operations relies on the coordinated and parallel development of relevant industries and trades. It needs thorough cooperation from transport, post and telecommunications, customs, port, tariff, credit, and financial departments, with all of them shot through with a strong sense of export. We should have things examined and approved by one authority and deal with the outside world through "one window" and through "one standard procedure"; provide integrated services, cut down tiers and procedures of examination and approval, and raise work efficiency.

2. **Think collectively and attach importance to group development.** Contemporary international trade is moving toward multipolarities, bloc formation, specialization; and becoming massive in scale, with products becoming increasingly sophisticated, specialized, and

highly developed. "Handicraft industry," "small-scale peddling and hawking," and "extensive" and "guerrilla-warfare" types can no longer meet the exigencies of international competition. Therefore, organizing foreign trading groups has become a matter of urgency. We need to have a strong and large foreign trade corporation and, on the basis of combining trade with manufacturing, agriculture, and technology and build around it a network of close, not-too-close, and loose relationships with a large number of firms, each of them an independent legal entity and running their own businesses.

Such a massive economic organization oriented toward international markets, unifying domestic and foreign trade, and pursuing multinational operations is particularly significant for inland provinces, relatively weak in foreign-trade power. Key exports previously managed separately can thereby get organized and their quality ensured, and brandname goods be expanded and developed, while cut-price competition between firms to boost sales and win export superiority can be avoided. Group integration does not mean excluding the possibility of joint development with other provinces or cities. Members can still give play to their individual superiority.

The development of processed agriculture and sideline products for export can also adopt the group approach. On the one hand, we can get scattered, weak, and information-starved peasant households organized to create advantage as a group; on the other hand we get state-run departments, units, collectives, and peasant households to adopt various modes of association, through which they raise funds from various channels and jointly establish an export base for breeding industries which will spearhead the development of agriculture and sideline product exports.

3. Establish a strong sense of export and pursue reverse-development of export products. In trading, inland provinces should not only target developed countries but should work to open up an all-round, diversified, and multilayered international market and strengthen exchanges and cooperation with yet other countries and regions, especially developing countries in Asia, Africa, and Latin America, CIS, East European countries in efforts to open up labor, capital, and technology markets.

In exporting, inland provinces have the tradition of going along with production, that is, "selling whatever and however much they have"; looking for customers after they have the products; and "determining sales by production." To expand foreign trade we need to extricate ourselves from the traditional mode and pursue reverse-development, namely developing the processing of industrial and agricultural products according to the psychology and habits of foreign consumers, aiming for various needs on the international market, and bringing ourselves in line with the real consumption situation in the international buyers' market.

4. Establish the concept of technological renovation and raise competitiveness in the international market. Many

inland provinces have solid scientific and technological power, should break down barriers between departments and localities, and apply as best they could scientific and technological achievements to different areas of factory production, raise products' grade levels and quality; increase patterns, variety, and the speed of changing the generations of exported goods; raise their export value; increase the proportion of industrial goods in export mix; gradually replace primary products like raw material exports with industrial manufactured goods; and make scientific and technological progress a boost for export.

5. Establish the concept of being the main body and value the development of human resources. The main body of opening up to the outside world in the manner of "sailing out to sea in a borrowed ship" is human beings. Commodity, market, and scientific and technological competition ultimately is competition of talent. We must broaden access to talent, value and identify the scientific and technological superiority scientific research institutes and colleges, vigorously develop integration between scientific research institutes and college and firms, vigorously popularize advanced and technology and scientific and technological achievements, and allow scientific and technological personnel credited with creations and inventions participate in international and domestic symposiums. As regards attracting brains from outside the country, one way is to hire economists and scientific management experts from outside the country to help our work; the other is to send select talent overseas to receive training in relevant areas and for further study. In a sense, attracting brains from outside the country is more necessary than importing equipment, capital, or technology.

'Record Number' of Trademark Registrations in 1992
HK0602064893 Beijing CHINA DAILY in English 6 Feb 93 p 1

[By staff reporter Ma Zhiping: "Trademark Seekers Set a Record Last Year"]

[Text] China had a record number of registrations for trademarks last year, pushing the country's valid registered trademarks to a total of 366,000.

The number of applications for trademark registrations and the number of valid registered trademarks have shown rapid growth in the last 10 years following the enactment of the country's trademark law in 1983, said Bai Dahua, Deputy Director of the State Administration for Industry and Commerce, which oversees the country's trademark affairs.

He said more than 90,000 applications, including 8,300 from abroad, were sent to the administration office for registration last year. This compares with only 18,500 applications received in 1982, including 1,565 from overseas.

"The sense of trademark among Chinese enterprises and manufacturers has greatly improved along with China's opening to the outside world in recent years," the trademark official explained.

The development indicates that the international community is becoming more confident about China's trademark management system, the deputy director quoted an official from the World Intellectual Property Organization as having said.

Protecting the special rights of a trademark owner is the main purpose of China's trademark law and the principal task of our trademark administration's work, the official noted.

"We have not only protected the trademark property rights of Chinese enterprises, but also the rights of foreign trademarks in line with relevant Chinese laws and the Paris Convention," he pointed out.

Infringement cases on foreign trademarks such as Sony, TDK, IBM, Marlboro, Coca Cola and Levi's have been dealt with seriously and promptly according to Chinese law.

Since China joined the World Intellectual Property Organization in 1980, the country has made greater efforts to develop international exchange and cooperation, which led to the signing of the Paris Treaty of Protecting Industrial Property in 1985 and the Madrid Agreement on Trademark International Registration in 1989.

Bai Dahua recalled that China's legislative body is presently revising the Trademark Law of the People's Republic of China.

According to official sources, the proposed changes would simplify the procedures for registration and extend the time duration in which disputes could be raised. They also would prohibit the use of names of administrative regions as trademarks, and penalize those using deceptive means to register trademarks.

Official Promises Stricter Quarantine Checks

HK0602064693 Beijing CHINA DAILY in English 6 Feb 93 p 1

[By staff reporter Wang Yonghong: "Stricter Quarantine Checks Are on the Way"]

[Text] China will tighten up plant and animal quarantine to promote overseas trade, a quarantine official said.

"The rapid increase of imports and exports has imposed greater pressure on the plant and animal quarantine service," the official with China's Administration of Plant and Animal Quarantine said yesterday.

As a result of stricter checks last year, dozens of fatal pests and diseases such as African swine, American

termite, Brazil pulse beetle and various viral diseases were found out and rejected admittance, the official said.

"If such fatal pests and diseases enter the country, the destruction and economic losses caused by them would be beyond estimate," he added.

He said the volume of plant and animal goods that underwent quarantine examinations has seen a rapid increase in recent years.

Incomplete statistics show that last year 1 million different sorts of plant and animal goods were examined by quarantine offices around the country.

Among those, 250 million pigs, horses, cattle, sheep and various other animals and 150 million tons of plant and animal products, with a total value of 170 billion yuan (\$28.3 billion), were examined.

According to the official, last year the country saw a remarkable increase in quarantine checks on exports, about three times the volume of 1991.

Law

In order to meet the increasing demand, China last April put into effect its first law on importing and exporting animal and plant products.

In addition, the central and local governments have also implemented 19 quarantine rules and regulations as one of the efforts to promote the quarantine service, according to the official.

"All the law and regulations have played an important role in promoting the nation's animal and plant quarantine service and in safeguarding the country's economic development, smooth trade with overseas and people's daily life," said the official.

To offer a better and prompt service to the inland regions which are stepping up their opening, China set up six quarantine customs depots in Lanzhou, Zhengzhou, Wuhan, Hefei, Guiyang and Jiujiang last year.

Port 'Construction Boom' Reported Along Coast

OW0502170793 Beijing XINHUA in English 1501 GMT 5 Feb 93

[Text] Beijing, February 5 (XINHUA)—A local port construction boom is emerging in China's coastal areas.

According to the statistics from Guangdong, Shandong, Fujian, Hainan and Guangxi, since the Seventh Five-Year Plan period (1986-90), the funds allocated by provincial and regional government to port construction projects have amounted to 1.2 billion yuan. The construction of 100 berths has been completed.

There are still more than 200 local port construction projects, mostly in Guangdong, Fujian and Shandong Provinces.

The funds for local port construction projects come from many channels. Apart from the allowances from local government and the state, most of the funds are from enterprises and foreign investors.

Shenzhen, China's oldest special economic zone, divided up the coast line for its large enterprises to develop and let the enterprises invest in the port construction and management.

The Yangpu port in Hainan, Xiangyu port in Xiamen and Lanshantou port in Shandong Province were constructed with overseas funds.

Some inland provinces also took part in the construction of the ports in the coastal areas.

The state has earmarked some ports constructed by local governments as deep-water hubs for development.

Over 480,000 Firms Registered at End of 1992

OW0502145893 Beijing XINHUA in English 1152
GMT 5 Feb 93

[Text] Beijing, February 5 (XINHUA)—The number of registered companies in China topped 480,000 by the end of 1992, an increase of 88.6 percent over the preceding year, with the total amount of registered capital exceeding 175.3 billion yuan (about 32.46 billion U.S. dollars), increasing by 75 percent.

The figures were released by the State Administration for Industry and Commerce here today.

The proliferation of new companies is the result of the vigorous development of a socialist market economy.

The statistics showed that 1992 witnessed the fast development of companies owned either by the state, collectives or individuals. More than 226,000 were registered in the year. Among them, state-owned, collectively-owned and private companies accounted for 38 percent, 57 percent and 5 percent of the total, respectively.

Some 61 percent of the new companies are in the areas of commerce, catering, and supply and marketing of equipment and materials; 13 percent were in the sectors of real estate, public services and consultancy and only 9 percent were in the industrial sector.

In terms of registered capital, the amount registered by state-owned companies accounted for 68 percent; that registered by collective companies made up 23 percent; and that by the private sector made up 9 percent.

Leading the list are Guangdong, Shanghai and Liaoning, each reporting to have a registered capital of over 80 billion yuan (14.83 billion U.S. dollars).

Compared with 1988, the total number of companies registered in 1992 increased by 65.5 percent, with the number of employees increasing by 54.5 percent, registered capital rising by 145.7 percent and the average

registered capital of each firm increasing by 720,000 yuan (about 133,000 U.S. dollars).

British-Designed Payment System Planned

HK0902024093 Beijing CHINA DAILY in English 9
Feb 93 p 2

[Article by our staff reporter Liu Weiling: "Payment System in Pipeline"]

[Text] China is seeking foreign help to develop its payment system in a bid to support the country's macro-control of the financial system.

The British-designed system, which will take more than 10 years to build up, is of vital importance to financial macro-adjustment, especially as China tries to replace administrative controls with the market mechanism in allocating resources, Li Guixian, State Councillor and the Governor of the People's Bank of China, said yesterday.

Li made the remark at the International Seminar on China's Payment System, which opened yesterday and will end next Saturday.

Participants include World Bank observer Shigeo Katsu, and experts from the Federal Reserve Bank of New York, Bank of England, Bank of Japan, Swiss National Bank, and the Deutsche Bundesbank.

There are also representatives from Britain's PA Consulting Group (PA), designer of the system.

High-ranking officials from the People's Bank of China, China's central bank, and China's four specialized banks and the Bank of Communications are also attending.

Details on construction of the system will be discussed and important decisions made, Li said.

The system, which will cover China's major financial organizations, is a World Bank project to help China improve its financial system.

PA began work more than one year ago and plans to finish the necessary documents for bidding this June.

The project is expected to be offered to overseas and domestic bidders by the end of this year.

Li said China will get a safe, quick, practical and efficient payment system once it is in place.

It will help accelerate the circulation of capital, reduce the use of cash, and thus improve social economic efficiency and broaden banking services, he said.

Chen Yuan, Vice Governor of the People's Bank of China said the modern payment system is an important means by which China can smoothly implement its monetary policy.

The significance of the system becomes more crucial now as China plans to implement a moderate monetary

policy, strengthen macro-control, control money supply and loans and keep a balance between demand and supply.

He said despite achievements last year, signs of overheating in economy have emerged.

A committee in charge of construction of the system has been set up, Chen said.

Its members are high-ranking officials from the People's Bank of China and other major banks.

The People's Bank of China is establishing an organization to manage construction of the new payment system.

Growth of Accounting Business Noted

OW0502151193 Beijing XINHUA in English 1414 GMT 5 Feb 93

[Text] Beijing, February 5 (XINHUA)—Another two leading international accounting firms have been permitted to launch joint ventures in China.

With the approval of the Ministry of Finance, the two foreign accounting firms, Coopers & Lybrand and Bdo Binder, both based in New York, will join with an accounting firm in Beijing and another in Shenzhen, China's oldest special economic zone.

They have brought the number of Sino-foreign CPA [certified public accounting] firms in the Chinese mainland to seven. The others were set up last year, with foreign partners as world accounting giants—KPMG Peat Marwick, Arthur Andersen, Ernst Young, Deloitte Touche Thomatsu and Price Waterhouse.

"China's building up of a market economy and the increase of foreign-funded enterprises require high-level and international standardized accounting services," said Zhang Deming, secretary-general of the Chinese Institute of Certified Public Accountants (CICPA).

"The arrival of the foreign accounting moguls brings us advanced experience and expertise in accounting and will help train Chinese accountants," said Zhang, adding that the world firms will also make it easier for Chinese enterprises to float bonds overseas and get listed on foreign stock exchanges.

Zhang revealed the central government is considering allowing some foreign accountants to open business in China, but they must get Chinese qualifications after studying the Chinese economy and relevant laws.

The foreign companies are not licensed to sign the reports of companies' financial statements in their own right. They mostly work with Chinese counterparts and provide consulting services.

Zhang noted that Chinese CPAs will also try to make their way in the world market. For example, Chinese

CPAs will expect to open business in Hong Kong. The move is being considered by a Hong Kong CPA organization.

The CICPA is making efforts to join the International Federation of Accountants, the world's most authoritative body in the field.

This year the CICPA has four cooperative projects with its counterpart in Hong Kong, including a training program specially for Chinese CPAs. Another 10 Chinese CPAs will be sent to work on a probation basis in Hong Kong CPA firms, according to Zhang.

China had 25 CPAs trained in this way in 1991.

To standardize and legalize the work of CPA in China, the Ministry of Finance will draw up the law on CPA within this year, Zhang said.

Certified public accountants first appeared in China in 1918, but they disappeared in the 1950s when the government ruled out the private sector. With the reform and open policy, the system was restored in China in the 1980s.

Now there are more than 1,600 CPA firms and 10,000 CPAs in China. The government plans to increase the number of CPAs to 30,000 in 1995 and 100,000 by end of the century.

China held the first national examinations for CPAs in 1991. The second examination is timed for sometime between August and September this year and in future it will be an annual event.

Railways Minister on Speeding Up Construction

HK0802142093 Beijing ZHONGGUO XINWEN SHE in English 0853 GMT 8 Feb 93

[Text] Beijing, February 8 (CNS)—The Minister of Railways, Mr Han Zhubin, said today that the answer to China's strained railways transportation lay in the speeding up of the construction of the railway system and the increase in its capacity to handle transportation.

Mr Han said that China's railway construction has entered a new and fast development period, adding that the ministry had, in line with orders for the rapid building up of the railways by the State Council, adjusted the ministry's Eighth Five-Year Plan, setting the target for the build-up of the railways in this period to be 6,600 kilometres of new track, 4,100 kilometres of double track and electrified track of 5,600 kilometres. The yearly task for the coming three years will be the construction of more than 4,000 kilometres of line, more than double that of each of the previous two years.

At this time, the total mileage of China's railway network is 52,000 kilometres. By the end of the Eighth Five-Year Plan period, the railway network will have a mileage of

80,000 kilometres and twin tracking and electrification will account for 30 and 23 percent of the total respectively.

Mr Han said that in order to meet the rapid development of its railways, China will have to introduce foreign funding and advanced technology and management experience. He said he hoped that foreign businessmen would become involved in China's railway construction by way of solely-funded ventures and Sino-foreign joint ventures.

Delayed Railroad Construction Slows Development

HK0802090993 Hong Kong MING PAO in Chinese 5 Feb 93 p 8

[By staff reporter: "Backward Railroad Construction Has Become a Severe Obstacle to China's Economic Take-Off and Development"]

[Text] The backwardness in railroad construction has become a formidable obstacle to China's economic take-off and development. Railroad transportation falls far short of demand in various places throughout the country. According to an estimate, the strain is so excessive that about 40 million tonnes of goods will not be delivered as scheduled. China's railroad expert said: Even if China starts increasing investment in railroad construction by a big margin from now on it is unlikely to "clear the debt incurred" in a short period. The situation in which economic development is held up by backward railroad transportation will possibly continue for another 10 years.

It is understood that there is an enormous strain on transportation in various major economic regions across China. In Guangdong, 4 million tonnes of goods cannot be moved out of the province. In Liaoning and Jilin in northeast China, as well as in Inner Mongolia, as much as 3 million tonnes of commodities cannot be delivered in a month, while in Heilongjiang only 35 percent of goods destined for other areas can be delivered. In Sichuan, all outgoing railroad lines fall short of demand. As a result, "commodities cannot be moved into or out of the province or transferred." In east or central-south China, the south or north bound trains have run at full capacity for a long time and only 30 to 40 percent of merchandise could be delivered as scheduled. Many local large and medium enterprises set their production quotas in light of the freight volume they could be allotted, and planned their sales according to the transport capacity. The grain market in Zhengzhou, Henan, could only honor 25 percent of the contracts because of insufficient transport capacity.

There are now 21 bottlenecks for freight transport by rail across the land. 45 percent of the railroad lines operate at 80 percent capacity, while 10.5 percent operate at 100 percent. Some experts pointed out: If China's GNP goes up by 8 percent this year, there will be 1.58 billion tonnes of goods to be moved by rail, 60 million tonnes more

than last year. However, only 1.54 billion tonnes will be transported, and 40 million tonnes of goods will pile up. According to the transport capacity of the Beijing-Guangzhou railroad, it would take eight months to carry the 40 million tonnes of goods. Experts believed that the strain on railroad transportation will hold up economic development much more seriously this year than last.

The experts added: In China, it takes at least eight years to build a railroad including the time needed for making a decision. Therefore, railroad construction must go ahead of economic development. However, China has ignored railroad construction for a long time. Since 1975, China's investment in railroad construction has only accounted for an average 6-7 percent of its annual total investment, lower than its investment in other basic industries. In the 1980's, the railroad completed each year decreased from 900 km in the 1960's and 1970's, to 350 km. In 1989, only 2.3 km of railroad was built, hitting a all-time low.

In 1991, the investment in railroad construction was 2 billion yuan less than the amount approved by the central government. Thirty-seven km of railroad were built, the multiple track increased 356 km, and electric railroad 863 km. Last year, the Railroads Ministry's investment in capital construction, which was approved by the central government, amounted to 13.6 billion yuan, but the ministry only raised 8 billion yuan early last year.

Due to long-term insufficient investment, the construction of many important railroad lines was put off so that the railroad operated at excessive capacity.

The experts said: Even if we take measures to build railroads in a big way now, it is unlikely to make up in a short period the delayed investment of the last dozen years or more. It is estimated that the railroad transportation situation in China will continue to hold up economic development will not basically change in the next 10-20 years.

1st Railway Corporation Group Established

HK0902035093 Beijing CHINA DAILY in English 9 Feb 93 p 3

[Article by our staff reporter Zheng Caixiong: "Railway Group To Have More Power"]

[Text] Guangzhou—The country's first railway corporation group was established here yesterday.

The Guangzhou Railway Corporation (Group), formerly the Guangzhou Railway Bureau under the Ministry of Railways, will be allowed to carry out a policy of self development and assume sole responsibility for its profits and losses.

"We will have more decision-making power in railway construction and service sector development after the

establishment of Guangzhou Railway Corporation (Group)," said the old railway bureau's former director, Yang Qihua.

The bureau administered the railways in South China's Guangdong, Hunan and Hainan provinces. The three provinces have 3,990 kilometres of track.

According to Yang, the new group has mapped out an ambitious plan for future development.

Under Yang's plan, the corporation will build more than 1,000 kilometres of new track in the three provinces before 2000, transform 1,700 kilometres into electric lines and rebuild the 140-kilometre Guangzhou-Shenzhen line into an express capable of speeds of 160 kilometres per hour. By 2000-railway transport capacity should double that of the 1986-90 period.

The group will receive 15.3 billion yuan (\$2.65 billion) over the next three years by transporting 268 million tons of cargo. Six hundred million yuan (\$103 million) will be handed over to the Ministry of Railways.

Guangzhou Railway Corporation (Group) has been slated to earmark more than 10 billion yuan (\$1.75 billion) for railway construction in three years.

The group will try to open several channels to raise railway construction funds in coming years, and adopt flexible policies to develop railway business.

Railway construction will introduce shareholding, joint ventures and local investment.

And the group will look for railway survey and design business, engineering projects, engine production, maintenance, and imports and exports.

Li Peng, Zou Jiahua Inscription

OW0902043193 Beijing XINHUA in English 0408 GMT 9 Feb 93

[Text] Guangzhou, February 9 (XINHUA)—The Guangzhou Railway Corporation (Group), the first of the kind in China, was set up Monday in Guangzhou city, capital of south China's Guangdong Province, marking the beginning of major reforms in the country's railway transportation business.

Premier Li Peng and Vice-Premier Zou Jiahua wrote inscriptions for the founding of the corporation. Vice-President Wang Zhen sent his congratulations.

Xie Fei, member of the Political Bureau of the Central Committee of the Communist Party of China, and Han Zhubin, minister of railways, inaugurated the opening ceremony of the corporation.

The corporation, based on the former Guangzhou Railway Administration and consisting of 17 enterprises, will be an independent business entity responsible for its own management, accounting, development, profits and losses.

The corporation, administering 3,990 km of rail tracks in south China's Guangdong and Hainan Provinces and central China's Hunan Province, has a staff of 172,000 and fixed assets of 12.1 billion yuan (about 2.12 billion U.S. dollars).

In accordance with the plan of the Ministry of Railways, the corporation is to raise funds for the construction and transformation of railways within its administration as well as carrying on diversified business activities.

Investment Bank Increases Assets, Operations

OW0902092793 Beijing XINHUA Domestic Service in Chinese 0753 GMT 8 Feb 93

[By reporter Ding Jianming (0002 1017 6900)]

[Text] Beijing, 8 Feb (XINHUA)—Lu Xianlin, president of the China Investment Bank, today revealed that, as of the end of 1992, the bank's total assets exceed 24 billion yuan, an increase of 38 percent over the previous year.

The China Investment Bank is one of the 10 "windows" designated by the country for raising foreign funds. To help the economy to develop at a higher rate, last year the bank—in addition to continuing to utilize loans from international financial organizations—raised six medium- and long-term foreign-exchange funds totalling \$67 million, in the form of a bank-group loan and bilateral loan from overseas fund markets on relatively preferred terms. These loans not only financially supported a number of key state construction and export projects, but also had good effects both at home and abroad.

It has been learned that to meet the needs of economic development, last year the bank extended a total of \$180 million in foreign-exchange loans to 125 projects. Most of these projects were imported by high-technology and export enterprises. At the same time, through extending short-term loans and loans as operating funds, the bank took care of the imported projects' emergency needs. In the form of financing and leasing, last year the bank also imported large and key equipment for the country's aviation and communications departments, giving support to the construction of infrastructural facilities.

The bank's international operations also developed quite rapidly. The bank's total settled international business volume amounted to \$1.02 billion in 1992, an increase of 89 percent over the previous year. Last year, it also established agent-bank relationships with 17 new banks outside the country, increasing the number of agent banks to 140. The bank's foreign exchange operations were very active last year—foreign exchange transactions totalled an equivalent of \$6.5 billion, an increase of 1.6 times over the previous year. It prevented risks pertaining to the exchange rate for customers and improved the efficiency in utilizing funds.

It has been learned that, in addition to making good use of loans from international financial organizations and

to borrowing of new loans from foreign governments, this year the China Investment Bank will enter the international fund market for the first time to issue foreign currency bonds and debentures to open up a new fund-raising source. After obtaining approval from the People's Bank of China, the China Investment Bank will also issue domestic foreign currency bonds and debentures. This will be the first time domestic financial institutions will use this method to raise funds.

Investment Bank To Directly Issue Bonds Overseas

HK0902032093 Beijing CHINA DAILY in English 9 Feb 93 p 2

[Article by our staff reporter Zhang Yu'an: "CIB Set To Float Bonds Overseas"]

[Text] One of China's leading banks is seeking new ways of raising hard currency from abroad this year.

The China Investment Bank (CIB) is to directly raise funds through issuing bonds in overseas financial markets for the first time, its president Lu Xianlin said yesterday at a working conference in Beijing.

The conference, involving branch heads from all over the country, will end on Thursday.

Lu did not specify the time and the place of its first hard currency bond issue.

But another CIB official revealed to China Daily that it is negotiating with foreign counterparts and the issue will be made in the market which can offer "favourable conditions".

Several Chinese financial organizations, such as the Bank of China, have floated hard currency bonds in overseas markets.

Lu said the CIB will also make use of its ties with foreign financial organizations to act as an agent to help government departments and local governments raise hard currency this year.

More Borrowings

It also plans to borrow more foreign government loans this year while relending loans from leading world financial organizations.

The CIB, since its establishment in December 1981, has been acting to provide medium and long term hard currency loans for industrial and technical renovation projects.

The projects, using imported equipment and technology, are designed to help the country construct an export-oriented economy.

The bank is also in charge of loans for industrial projects from the World Bank and the Asian Development Bank while borrowing foreign preferential commercial loans.

Last year, the CIB was granted six hard currency loans from abroad. The figures were not available.

Lu said the CIB injected more than \$180 million hard currency in loans into 125 projects last year.

The money helped development of several high technology enterprises and export-oriented firms.

The bank is determined to expand its international settlement business this year to catch up with the increasing number of Chinese companies with the right to directly conduct trade with foreign partners, Lu said.

Last year, volume of CIB's international settlement business reached \$1.02 billion, up 89 percent from 1991 and its foreign currency trading value hit \$6.5 billion, up 1.6 times over 1991.

By the end of last year, CIB's total assets surpassed 24 billion yuan (\$4.13 billion), Lu said.

Construction Firm Granted Foreign Trade Autonomy

OW0802163993 Beijing XINHUA in English 1531 GMT 8 Feb 93

[Text] Beijing, February 8 (XINHUA)—Beijing's largest construction company has been given authority to handle overseas business by the Ministry of Foreign Economic Relations and Trade.

It will work under the title of the Great Wall Engineering Company, and is the city's first construction company to be allowed to operate independently overseas.

The Beijing Construction Industrial Group is an enterprise complex involved in real estate development, construction contracts, engineering, decoration, production of building materials and construction machinery, technical consultation and labor service.

The 40-year-old company has constructed many buildings which have become landmarks in the city. It built all the foreign embassies in the Chinese capital, the Great Hall of the People, and the swimming pool complex at the city's Olympic Sports Center.

In recent years, the company has completed projects in more than 20 countries including the United States, Japan, South Africa, Russia and Thailand.

Last year it signed a total of 170 million U.S. dollars worth of contracts with foreign countries. It also exported over 10 million U.S. dollars worth of equipment and building materials.

Technical Progress in Wuhan Iron, Steel Complex

OW0902115593 Beijing XINHUA in English 1137 GMT 9 Feb 93

[Text] Wuhan, February 9 (XINHUA)—The Wuhan Iron and Steel Complex, one of the largest in China, has

been focusing on technical progress for decades in a drive to keep abreast of advanced international level.

It has an annual output of 10 million tons, more than 90 percent of which is produced in accordance with international standards.

Liu Yi, chief of the technical section of the company, attributed the achievements to the introduction of an advanced rolling mill system from abroad in the early 1970s which led to renovation of the complex.

The 4 billion yuan system, put into production in 1979, includes several mills and other subsidiary facilities specializing in hot and cold rolling, silicon steel rolling and the continuous casting process.

The complex has successfully reduced silicon and sulphur contents in molten iron through technical upgrading to meet requirements of the system, narrowing the gap with conventional world steel producers.

The blowing and smelting converter, independently developed by the complex, marked a leapforward in its steel-smelting technique to international levels.

The renovated computer mathematical control model has greatly expanded the rolling capacity of steel billets.

The complex is among the few world steel giants able to complete continuous casting of certain varieties of silicon steel, the quality of which has surpassed that of the United States and the Western Europe.

The introduction of this pivotal system together with the chain technical renovations yielded 26 million tons of rolled steel and profits of 9.445 billion yuan between 1979 and 1990.

As part of the technical innovations, the complex has built a huge modern blast furnace with an annual capacity of 2.2 million tons of pig iron by exploiting advanced iron-smelting techniques imported from many foreign countries.

The complex is now putting aside 1 percent of its income as a development fund to promote technical progress and foster professionally trained personnel, Liu said.

Customs To Implement New Rules on Express Mail

*OW0902032793 Beijing XINHUA in English 0246
GMT 9 Feb 93*

[Text] Beijing, February 9 (XINHUA)—China's customs will implement new rules for the supervision and control of express mails to and from overseas beginning tomorrow.

The rules require services engaged in express mails to be registered with customs in their different localities.

Reporting procedures at customs must be handled within one day after arrival from overseas, while outgoing mail should be handled four hours before departure from Chinese territory.

Express mail is a new business in China, and it is growing fast as the tempo of economic and social development is being accelerated.

Foreign Exchange Profiteering Ring Uncovered

*OW0702160293 Beijing XINHUA in English 1531
GMT 7 Feb 93*

[Text] Beijing, February 7 (XINHUA)—Beijing public security organs have recently uncovered a foreign exchange profiteering ring involving 16 criminal suspects with a profiteering volume of more than 1.6 million yuan (about 280,000 U.S. dollars).

Now 10 criminal suspects, including ringleader Qin Yusen, have been detained.

On February 1 of this year, the Chaoyang branch of the Beijing Public Security Bureau caught 16 criminal suspects in the act of carrying out illegal foreign exchange transactions.

At the moment, public security officers have found more than 600,000 yuan (RMB [renmibi]), 110,000 U.S. dollars and hundreds of thousands yuan in other foreign currencies and confiscated six automobiles and five portable telephones from the suspects, at a total value of over two million yuan.

Such profiteering engaging large amounts of foreign exchange has scarcely been seen in Beijing, according to public security organs.

Preliminary investigations indicated that Qin Yusen, a profiteer formerly engaged in buying and selling stamps illegally, had stockpiled a large amount of U.S. dollars and hundreds of thousands of yuan (RMB) to facilitate his illegal activities.

Foreign Trade Minister at Business Roundtable

*SK0502082093 Tianjin People's Radio in Mandarin
2300 GMT 4 Feb 93*

[Text] Since the beginning of this year, the Tianjin Economic and Technical Development Zone has geared itself to foreign countries and begun to invite foreign investments on a large scale. The development zone sponsored the 1993 roundtable of inviting outside investments in the Changcheng Hotel of Beijing Municipality on 4 February, thus, having raised its curtain of inviting international investments this year.

Attending the roundtable were Li Lanqing, member of the CPC Central Committee's Political Bureau and minister of foreign trade; Ngapoi Ngawang Jigme, vice chairman of the National People's Congress; Ma Wenrui

and Cheng Siyuan, vice chairmen of the National Chinese People's Political Consultative Conference Committee; Ye Disheng, vice mayor of Tianjin Municipality; and responsible comrades from more than 30 central departments, commissions, and offices.

Since its establishment, the Tianjin Economic and Technical Development Zone has scored marked achievements. By the end of 1992, the development zone approved the establishment of more than 850 foreign-funded enterprises whose total investments reached \$1.3 billion. It also approved the establishment of more than 1,500 domestic-funded enterprises whose total investments reached 4 billion yuan. Over the past few years, the development zone has shown a high-speed increase in its economy. The increased scales of major economic targets have reached more than 50 percent. This year is a year for the development zone to invite international investments. In January this year, the development zone also approved the establishment of 75 new foreign-funded enterprises whose total investments reached \$109.94 million. The development zone also showed a 90 percent increase in its total industrial output value over the same period of 1992, a 115 percent increase in the total volume of profits and taxes, and a 97 percent increase in its foreign trade and exports. It obtained a good start in the year.

Under the current reform program conducted among the central state apparatus, the Tianjin Economic and Technical Development Zone sponsored the roundtable of inviting international investments by seizing the favorable opportunity to welcome the friends of various circles in Beijing Municipality to establish the three types of foreign-funded enterprises in the zone and to establish enterprises having economic and technical associations with domestic units so as to achieve mutual flourishing and development.

At the roundtable on 4 February, the relevant responsible person of the development zone announced that when conditions are ripe this year, the development zone will carry out the activities of inviting investments among the countries and regions of Hong Kong, the United States, Taiwan, and the ROK. Major projects set for inviting outside investments this year are of industrial production. Meanwhile, it plans to introduce large-amount outside funds for developing its finance and trade.

Four Provinces Unite To Harness Huaihe

OW0702071393 Beijing XINHUA in English 0621
GMT 7 Feb 93

[Text] Hefei, February 7 (XINHUA)—More than three million farmers from Henan, Anhui, Jiangsu and Shandong Provinces are harnessing the Huaihe River running through leading grain producing areas in east China.

So far, 12 out of the 18 key water conservancy projects to tame the river are under construction, which has already used a sum of 918 million yuan.

Drawing a lesson from the rarely-seen flood in the Huaihe River in 1991, people of the four provinces are united as one and help with each in the work. [sentence as received]

The Chinese government plans to invest more than 12 billion yuan in the coming decade to build water-control projects along the Huaihe River to enhance its safety level and resist the most serious floods which may occur in every 30 to 50 years.

Pearl Delta 'Spark Program' Opens Global Market

OW0802082593 Beijing XINHUA in English 0759
GMT 8 Feb 93

[Text] Beijing, February 8 (XINHUA)—The Spark Program [designed to develop the rural economy], launched in 1986, has pushed the rural economy in the Pearl River Delta to the forefront of international cooperation and exchanges, with increasing export-oriented township enterprises established to explore foreign markets.

The program is aimed at providing rural areas with advanced but widely applicable technology to motivate the rural economy.

In recent years the program has spread scientific and technological knowledge in the delta, covering small and medium township enterprises and all lines of trade in the rural economy.

Regional pillar industries have taken shape such as chicken-raising, eeling and dye chemicals. A number of enterprises now have an output valued beyond 100 million yuan and profits of more than 10 million yuan.

Six cities, including Guangzhou and Shenzhen, have poured 1 per cent of their financial expenditure into scientific and technological development.

Relying on high and new-technology and aiming at high economic efficiency, the Spark projects have gained new momentum. Two zones in Beijiao and Panyu, initiated with Spark projects, have entered a period of rural industrialization and modernization of agriculture.

Flexible Policy Boosts Pig Farming

OW0802143093 Beijing XINHUA in English 1413
GMT 8 Feb 93

[Text] Haikou, February 8 (XINHUA)—China slaughtered 258 million pigs and still left 2.65 million in stock by the end of last year, representing a 3.7 and 1.2 percent increase over the previous year.

Pork remains the main meat in China though its proportion has dropped from 95 percent in the 1970s to 72 percent. In the past, the purchasing and marketing of pork were monopolized by the state. China has relaxed controls with the current economic reform.

The provinces and regions which were short of pork registered a substantial growth of pig farming. For

example, the number of pigs slaughtered increased by 10 percent in Beijing, 11.9 percent in Heilongjiang Province, 9.7 percent in the Guangxi Zhuang Autonomous Region, 8.5 percent in Shanxi Province and 7.5 percent in Liaoning Province.

Local officials said that dramatic changes have taken place in northeast China. Heilongjiang, Jilin and Liaoning provinces had been suffering from pork shortage for decades though they were main grain producers. Heilongjiang Province alone purchased over a million pigs from other areas each year and the supply was still insufficient. Since the province relaxed price controls on pork in 1990, local farmers have shown greater enthusiasm for pig farming. In 1992, the province slaughtered 6.15 million pigs, 1.65 million more than in 1990. The province now has a surplus pork for the first time.

Meanwhile, in Sichuan Province which produces one-fifth of China's pork, pork has fetched good prices since the lifting of price controls in 1990. The province slaughtered 66 million pigs last year, 2.4 million more than the previous year. Prices rose by 0.24 to one yuan a kilo and peasants' income increased by 300 million yuan.

Qiu Zhenyuan, director of the Animal Husbandry Bureau of the Ministry of Agriculture, said that the per capita consumption of pork has reached over 20 kilograms a year as compared to 3 to 6 kilograms in the 1970s.

Animal husbandry experts say that pig farming will maintain the momentum of development although its proportion will shrink. The reasons include the consumption habit of the nation, the scale of pig farming in the vast rural areas, state investment in pig farms in the past years and the spread of new pig farming techniques.

Song Jian on Science, Technology in Agriculture

OW0702044593 Beijing XINHUA Domestic Service in Chinese 2125 GMT 4 Feb 93

[Text] Guangzhou, 5 Feb (XINHUA)—"In the new period of development, we must further improve the work of invigorating agriculture by relying on science and technology and make new contributions to achieving the goal of leading a fairly comfortable life and establishing a relatively developed rural economy." Song Jian, state councillor and minister in charge of the State Science and Technology Commission, recently made the call at a discussion meeting on invigorating agriculture by relying on science and technology held in Guangdong's Zhanjiang City.

Comrade Song Jian pointed out: At no time and under no circumstances should we waver in our conviction that

agriculture and the rural economy provide the foundation. The development of China's rural economy has now entered a new period. Therefore, the work of invigorating agriculture by relying on science and technology requires new ideas, new objectives and new methods. Touching on current serious problems which must be solved through science and technology to help agriculture prosper, Song Jian said: We must further overcome the petty peasantry ideas characterized by dispersed management, backward technology, low efficiency and lagging basic facilities and industrial equipment. We should gradually and seriously establish a system of social services on the basis of stabilizing the responsibility system with the household contract linking output to payment. We should gradually expand the scope of agricultural mechanization and industrialization, greatly improve rural labor productivity, and achieve the goal of having high yields, high quality and high efficiency in promoting agriculture in various localities.

Song Jian pointed out: It is necessary to change the goals and methods of implementing various science and technology projects. In areas with good conditions, the Spark Program should be reoriented toward supporting major village and town enterprises that will stimulate the emergence of more enterprises by relying on science and technology. Meanwhile, it is necessary to train entrepreneurs outstanding in the promotion of science and technology progress and people capable of expanding the market.

Song Jian pointed out the need to energetically absorb and train various specialized people, especially the need to train and promote outstanding entrepreneurs. It is necessary to pay attention to both attracting outside experts and training local people.

On the question of increasing input in the development of agricultural science and technology, Song Jian said: Various localities should strive to use their own funds to develop science and technology forces according to the special characteristics of local resources.

Song Jian said he hoped science and technology departments and various trades would closely cooperate in carrying out the work of invigorating agriculture by relying on science and technology. Science and technology departments at various levels should take the initiative to cooperate with various economic management departments in the government and promote the development of large-scale farming, larger industrial enterprises, and larger markets by giving full play to their respective advantages. He also called on science and technology departments to pay attention to supporting various professional research societies and associations and to use appropriate policies and funds in guiding them to enter domestic and foreign markets.

East Region

Governor Chen Huanyou Addresses Jiangsu Plenum

OW0802091593 Nanjing XINHUA RIBAO in Chinese
29 Jan 93 pp 1, 4

[Report by reporter Shen Zhongchu (3088 0112 5969): "Governor Chen Huanyou Addresses a Provincial Government Plenum (Enlarged), Stressing the Need To Seize the Opportune Moment and Seek Truth From Facts To Accelerate the Pace of Development and Achieve Quicker and Better Results"]

[Text] The provincial government held an (enlarged) plenary meeting yesterday to review the province's work in 1992 and to study and set its tasks in 1993. Governor Chen Huanyou made an important speech on behalf of the provincial government.

The governor said: In 1992, inspired by the important talks given by Comrade Deng Xiaoping when he visited the south, and by the guidelines of the Political Bureau of the CPC Central Committee meeting and the 14th National Party Congress, the whole province, from top to bottom and with greatly emancipated minds, took a big stride in reform; and brought about rapid economic and social development and major success in all fields of endeavor. The whole province is in an excellent situation unprecedented in the past, and Comrade Xiaoping's wishes to see Jiangsu develop "at a pace faster than the national average" are becoming a reality.

Governor Chen Huanyou reviewed last year's work in five fields: 1) The development of the provincial economy at an accelerated pace. The province's gross national product [GNP] reached 183.3 billion yuan, up 27 percent over the preceding year. Agriculture grew steadily as a result of the all-around development of the rural economy. Industry grew at a very high rate, and economic efficiency also increased. The province saw increased investment in fixed assets, an improved investment structure, and higher investment returns. Its financial and banking situation was basically stable, its market supply was abundant, and the prices essentially did not fluctuate too much. 2) The advance of reform in both depth and breadth. The province's rural reform was further intensified. Enterprise reform has evolved from its past emphasis on improving the external environment to an emphasis on changing its operating mechanism. More than 1,000 enterprises carried out different types of reform on an experimental basis. Price reform was carried out at a much faster pace. As a result, the price of 90 percent of commodities in the province was regulated by the market. There was also a tendency to build large and high-grade markets. In accordance with the principle of separating the functions of government from those of the enterprises, and streamlining administration and delegating more powers to lower levels, government departments also actively carried out structural reform on a trial basis. 3) The all-around advance of the province's opening to the outside world. The

province's export-oriented economy developed by leaps and bounds in an unconventional way during the year. A new upsurge in opening Jiangsu swept across the province from north to south and from east to west. Export volumes rose by a wide margin, and the use of foreign capital increased rapidly. More and more large foreign companies and multinational corporations have come into the province to invest. Foreign technological cooperation and construction of development zones all advanced at a high speed. 4) Major progress in structural adjustment. The development of high and new technology industries was accelerated, and notable results were obtained in major scientific and technological development projects. Leading industries such as petrochemicals, electronics, and machinery all developed rapidly. A number of landmark scientific and technological and industrial projects were started, and several high-standard key technological transformation projects were completed. Construction of key state projects was accelerated. The growth rate of tertiary industry exceeded the GNP growth rate of the corresponding period. 5) New progress in building spiritual civilization and other social undertakings. Mass activities to build spiritual civilization were launched with vigor, and double support activities were carried out in depth. Notable success was achieved in science and technology, education, culture, public health, sports, radio and television, news media, publications, family planning, environmental protection, and the improvement of social order through comprehensive measures.

After reviewing last year's work, Governor Chen Huanyou stressed four points essential to accelerating reform, opening wider to the outside world, and speeding up economic development. First, a strong sense of opportunity. It is necessary to seize the opportune moment to accelerate reform, open wider to the outside world, and speed up economic development. Second, a positive attitude toward development. It is necessary to strive to make major progress wherever possible. Third, a bold pioneering spirit. It is necessary to be bold, to experiment, and try to blaze a trail. Fourth, a clear sense of taking the overall interest into consideration. It is necessary to unite and cooperate with each other to march forward together. Governor Chen said: The province's economy developed soundly and in the right direction last year. Although there are some problems that need our attention, they are mostly problems which occur as we advance. They must be seriously resolved through in-depth reform and accelerated development.

The year 1993 is crucial for actively, fully, and correctly implementing the guidelines of the 14th National Party Congress and the Sixth Plenary (Enlarged) Session of the Eighth Provincial Party Committee, as well as for ensuring the fulfillment of goals and tasks set forth for the 1990's. Governor Chen stated: In carrying out its work this year, the provincial government should further emancipate its mind, seek truth from facts, make practical efforts, build on past success, deepen reform, open on a wider scale in all areas, and maintain rapid and

sound economic growth while focusing on fulfilling the requirements of building a socialist market economy. Furthermore, it should effectively strengthen socialist spiritual civilization and nurture a good social atmosphere for reform, opening up, and modernization. As the main goals of this year's economic development, the province will increase its gross regional product by more than 12 percent, raise local investments in fixed assets by 18 percent, earn \$5.5 billion in foreign exchange, utilize \$8 billion in contracted foreign capital, increase total retail sales volume by 17-18 percent, and maintain retail price increases at approximately 8 percent or less.

To attain the above-mentioned goals, Governor Chen specifically stressed the need to carefully handle relations in four areas. First, he called for properly handling the relations between reform and development by closely integrating reform and development, speeding up various reform measures, making substantive progress in some important areas regarding the transformation of mechanisms, and promoting economic development more efficiently. Second, he called for properly handling the relations between supply and demand by improving as quickly as possible the way in which economic growth is stimulated, by organizing production in accordance with market orientation, by expanding the role of the market as the ultimate source of demand, and by laying a solid foundation for economic expansion. Third, he called for properly handling the relations between external and internal factors by speeding up scientific and technological progress, by strengthening the technical transformation of enterprises, by steadily improving the utilization rate of production factors, and by truly achieving faster economic growth on the basis of better quality, a sound economic structure, and higher efficiency. Fourth, he called for properly handling the relations between market regulation and macroeconomic regulation and control by promptly studying measures to deal with new circumstances and new problems that have arisen from the development of a socialist market economy, by providing better guidance on economic development, by searching for ways to establish an effective system of macroeconomic regulation and control by the government, and by promoting normal economic activity.

Governor Chen highlighted 10 tasks for the government in 1993:

1. To further emancipate the mind and use the concept of a socialist market economy to unify the thinking of the vast numbers of cadres and people. We should abandon our previous mode of thinking, foster a materialist dialectical concept, proceed from reality, and maintain a positive mental outlook. We should neither restrain areas that are capable of developing rapidly nor relentlessly prod areas that are incapable of fast development. We should not adopt a "uniform" approach; rather, we should combine the practices of emancipating our minds and seeking truth from facts, and try our best without exceeding our abilities.
2. To focus on key areas, conduct supplementary reform, and accelerate the process of building a socialist market economy. We should aggressively change the operational mechanisms of enterprises and encourage enterprises engaged in commodity circulation to further "lift controls on four areas" in an all-around manner. We should readjust and optimize the ownership structure, actively promote the shareholding system, and increase to more than 10 percent the proportion of large and medium-sized state-owned enterprises that experiment with the shareholding system. We should extensively implement the stock cooperative system in collectively owned enterprises, exert utmost efforts to develop the private economy, promote the positive role of this economic sector, further improve the social security system, actively develop a market system, and speed up price reform.
3. To open up on a wider scale in all areas and to promote the internationalization of Jiangsu's economy. We should continue the strategy of diversifying our markets and making quality our strong suit; grant decisionmaking powers over foreign trade to more qualified enterprises, scientific research institutes, and counties (cities); and increase our foreign exchange earnings. We should use foreign capital in more fields; expand the scale and improve the level of utilizing such capital; encourage large and medium-sized enterprises to form joint or cooperative ventures with large foreign enterprises and multinational companies; and propel enterprises onto the international market. We should move faster in forging economic and technological cooperation with foreign countries, establish a network of economic and commercial exchanges between our province and other countries, promote overseas investment, and develop multinational operations. We should also concentrate on setting up state-level economic and technological development zones, new and high technology development zones, and tourist and vacation spots.
4. To earnestly strengthen the role of agriculture as the foundation of the economy and to develop all sectors of the rural economy. We should speed up efforts to reform the system of distributing farm products; deregulate the prices and management of grain, cotton, and other bulk agricultural products; and adopt effective measures to ensure stable grain and cotton production. We should restructure and improve farm production as well as the rural economy in accordance with market demand. We should encourage village and town enterprises to improve their quality, operational scope, and standards. Specifically, we should encourage these enterprises to develop an export-oriented economy. We should continue to increase investment in agriculture; strive to improve the basic conditions for agricultural production; protect, reclaim, and develop arable land; and actively carry out programs to assist the poor.
5. To strive to raise the level of industrial development and to achieve significant growth rates and fairly high economic efficiency. In industrial production, we should follow the market orientation, optimize the industrial

structure, improve quality, improve efficiency, and maintain rapid and sound development. We should continue to curtail the production of unsalable products, reduce stockpiles, eliminate deficits, and increase profits. Within the three leading industries of petrochemicals, electronics, and machinery, we should launch numerous new and high technology projects in order to promote the development of a large number of auxiliary enterprises. We should form a number of large superior conglomerates, vigorously promote the technical progress of enterprises, strengthen scientific management, and improve product quality and economic returns.

6. To exert utmost efforts to develop the tertiary industry and to increase the share contributed by this sector toward the gross regional product. Apart from building communications and other infrastructural facilities, from opening various types of markets, and from actively developing the commercial and service sectors, we should also energetically promote technological development, information and consultation services, the advertising business, real estate, tourism, and other newly emerging tertiary trades. We should improve the structure and standards of these businesses. In keeping with the needs of industrialization and socialization, we should work hard to convert tertiary businesses from welfare- and service-oriented institutions into business operations. We should also step up the training of skilled personnel for the tertiary industry.

7. To step up the construction of infrastructure and basic industries, and to launch a large number of key projects in competently and efficiently. We should focus on building maritime facilities (ports and a canal in southern Jiangsu), land routes (highways and railways), aviation installations (airports), and communications facilities. Moreover, we should step up the construction of key energy and water conservancy projects. In building infrastructure and basic industries, we must ensure the supply of funds, make good use of funds, and pay attention to investment returns. We should concentrate on launching a group of large, superior projects that can yield good returns. Specifically, we should ensure the construction of key projects.

8. To actively promote scientific and technological educational programs, and to closely integrate such programs with the economy. We should further enhance the construction of new and high technology development zones and "Torch Program" project zones. We should also promote a number of major scientific and technological achievements in an effort to form a relatively large group of new and high technology industries, and advance the process of industrializing new and high technology projects. We should actively use new and high technology to transform conventional industries. In addition, we should integrate industries, academic institutions, and research undertakings; propel scientific research units and personnel toward the market; and

present generous cash awards to scientific and technological workers who have made outstanding contributions. Additionally, it is necessary to regard education as a top-priority strategic, development program; increase the quality and quantity of teachers; and cultivate a large number of qualified personnel.

9. To further strengthen the development of socialist spiritual civilization and a democratic legal system, and to advance social progress in an all-around manner. We should include the development of spiritual civilization in the economic and social development programs. We should further enhance progress in various fields including culture, press, publications, radio, cinema, television, public health, and sports. It is necessary to do some specific tasks that will contribute to social progress, and we should implement a system whereby performance, contributions, and responsibilities can be evaluated. We should strive to strengthen the development of a democratic legal system. It is necessary to gradually establish and to later improve local legal systems conducive to the development of the market economy to upgrade social order in an all-around manner.

10. To improve government work and to strengthen organizational development. We should actively change the government functions and expeditiously establish a macroeconomically regulating and controlling system that conforms to the requirements of the socialist market economy. Government departments should make major efforts in formulating overall plans, understanding and handling policies, providing information, organizing and coordinating their work, supplying services, and inspecting and supervising their subordinates' performance. We should actively and prudently conduct organizational restructuring, streamline the administrative organs, and increase efficiency. Cadres at various levels should study harder, realistically perform actual tasks, be down-to-earth and pragmatic, and earnestly change their concepts and workstyle. It is necessary to foster unity and cooperation among various departments and comrades, as well as between superiors and subordinates. We should also enhance mutual support to perform work together properly.

The meeting was chaired by Vice Governor Gao Dezheng. Vice Governors Wu Xijun, Ji Yunshi, Yu Xingde, and Yang Xiaotan, and responsible comrades of various provincial commissions, offices, departments, and bureaus, and various other units directly under the provincial jurisdiction, attended. Attending the meeting on invitation were responsible comrades from the provincial party committee discipline inspection commission; the provincial party committee; the provincial people's congress; the Chinese People's Political Consultative Conference's provincial committee; commissions and departments under the provincial party committee; various democratic political parties; the All-China Federation of Industry and Commerce; and various mass organizations.

Article on Shanghai's Reform, Development*OW0902093093 Shanghai JIEFANG RIBAO in Chinese
23 Jan 93 p 1*

[Article by Ji Fangwen (0679 2455 2429): "Carry Out Reform To Promote Development"]

[Text] The Year of the Monkey left, riding on a carpet of auspicious clouds; heralding the arrival of spring, the Year of the Rooster appeared just in time. Amid a cheerful and auspicious atmosphere which signifies that the country is prosperous and the people live in peace, we bid farewell to 1992 and usher in 1993. At a time when we discard the old and change it for the new, anyone who takes a brief retrospective and prospective look will come to realize that the key to continuing the enjoyment of the promising situation, in which all undertakings across the country are booming—a favorable and thriving condition that has taken place since Comrade Deng Xiaoping made the important remarks during his south China inspection trip and since the 14th National CPC Congress was held—lies in unswervingly adhering to reform and to economic development through reform. Reform and economic development were the major themes of Comrade Deng Xiaoping's remarks during his south China trip last year. They were also the keynote of our policy for the divine land of China in the Year of the Monkey. As the saying goes, "at the beginning of the year, the east wind ushers in the spring across this divine land of ours." Guided by Comrade Deng Xiaoping's remarks that we should grasp the favorable opportunity, accelerate the pace of reform and opening up, and concentrate on economic development, great surges in reform have swept high, as demonstrated by the people's boundless enthusiasm and by rapid economic growth. Encouraged by Comrade Deng Xiaoping's demands made last year that Shanghai should "make some changes each year which that will lead to a big change every three years," the people of Shanghai made surprisingly great progress in the Year of the Monkey, achieving the goals of "greatly emancipating their minds and making great breakthroughs in the reform drive and great jumps in economic development." In 1992, the growth rate of Shanghai's gross national product [GNP] reached 14 percent—twice the average growth rate in the 1980's; the remodeling project in the old Puxi district proceeded smoothly; office buildings were springing up in the Pudong New District; and foreign investments in Shanghai surpassed the total amount of the 12 years before. Great progress has been made in economic development, our door has been opened wider to the outside world, our reform drive has been accelerated, and, in terms of restructuring their management, all of our enterprises have switched to the "fast lane." Markets for commodities and production means are thriving, and the management reform characterized by "two-level government and two-level management" [liang ji zheng fu, liang ji guang li 0357 4787 2398 1650, 0357 4787 4619 3810] are ascending. With actual concrete practice of deepening reform, opening wider to the outside world, and speeding up economic development, 13 million

Shanghai citizens have realized Comrade Deng Xiaoping's prediction that Shanghai "is equipped with conditions to move faster"—a remark he made during his inspection of Shanghai last year.

The year 1993 will be a year in which we make great strides toward the new socialist market economic system. It is also a crucial year for us to accelerate the pace of reform, opening up, and economic development in a bid to realize the Eighth Five-Year Plan. At the end of last year, the CPC Central Committee and the State Council conveyed the messages that "we shall continue to work hard in reform and push forward economic development through reform" and that "it is our hope that leaders at all levels will strengthen their leadership in reform" in this new year. Therefore, in this new year, we must focus on reform in our economic work, and we must promote economic development by restructuring our industries and by increasing their economic returns.

Our experiences over the past 14 years prove that economic development depends on reform and that only reform can promote economic development. Since the Third Plenary Session of the 11th CPC Central Committee, China's overall national strength has been increased and our GNP has been doubled two years ahead of schedule, which has laid a favorable foundation for us to quadruple our GNP by the end of this century. Had it not been for reform, could we have achieved these results? Comrade Deng Xiaoping once said: Rural reform has played a decisive role in our first attempt to double the GNP; the second attempt to quadruple the GNP shall depend on urban reform. If we do a good job in urban reform, we will be able to lay a material foundation for long-term, sustained, and stable development in this century, or even in the third to fifth decades of the next century. That is why Comrade Deng Xiaoping reminded us time and again that we shall never give up on reform and opening up. If we follow the old way, we will never achieve our strategic goal. During his inspection trip to the south last year, Comrade Deng Xiaoping further elaborated on this theory on the relationship between reform and economic development. He said: Revolution aims at liberating productive forces, and so does reform. In the past, we only talked about developing productive forces under socialist conditions, and we fell short of discussing liberating productive forces through reform. It is necessary for us to pay attention to liberating and developing productive forces. Obviously, the precondition for developing productive forces is the liberation of these forces; therefore, it is necessary to connect the task of restructuring the economic system with economic development. The positive and negative experiences we have gained in the 1980's show us that if we do not adhere to the principle of seeking development through reform and if we relax our efforts in reform and only pay attention to increasing the economic growth rate and to building more construction projects, the rapid economic growth rate we have achieved will not be maintained much longer. Furthermore, those deep-seated problems that have long troubled us should be properly resolved, and new problems

that have occurred in the course of reform and economic development should be dealt with in a timely fashion so as to avoid setbacks caused by the ripples of economic development. It is necessary for us to adhere to the principle of emancipating the mind and seeking truth from facts. We should also make good use of dialectical methods to avoid unbalance in handling affairs. In terms of reform, opening up, and economic development, we should have a sense of urgency. We should also treat them in a scientific way. While treating them from the viewpoint of our own department, we should also take the overall situation into consideration. We should take the initiative in achieving our goals, but, at the same time, we should have foresight. We should be both ambitious and practical. We should correctly deal with the relationship between the economic growth rate and economic structure, as well as between the economic growth rate and economic efficiency. Efforts should be made to promptly solve all problems occurring in the course of economic development. Only in this way can we correctly guide, protect, and bring into full play the overwhelming enthusiasm of the cadres and the people, and only in this way can we consolidate and develop the favorable momentum for reform, opening up, and economic development.

Comrade Jiang Zemin pointed out: The key to accelerating the pace of economic development and to pushing it to a higher level in a few years lies in establishing an effective economic management system and a favorable operating mechanism. In this new year, we should seize all opportunities to promote reform to achieve better results in this year's economic development. As a leader in the national drive of reform, opening up, and modernization in the 1990's, Shanghai should raise high the banner of reform and achieve new breakthroughs by carrying out reform in a down-to-the-earth manner. We should work hard to establish the new socialist market economic system and take the lead in restructuring enterprises, markets, and governmental organizations. It is imperative for us to change the management mechanism of state-owned enterprises so as to meet international standards as soon as possible. Efforts should be made to gradually change our enterprises into a legal person. It is necessary for us to accelerate the pace of reform in the circulation system and take the lead in improving our markets for commodities, production means, and intellectual properties in accordance with international norms so as to gear our economic mechanisms toward the market. We should take active approaches to restructuring governmental organizations, changing their functions, strengthening their macroeconomic management capabilities, and gradually achieving the goal of indirect government control over the economy. We should be the first to establish a social security system which will provide unemployment, retirement, and medical service benefits. In this way, we can provide social welfare to our workers and staff members. At the same time, we should continue to open wider to the outside world and have more contacts with other parts of the country. We should improve our

opening approaches, open more markets at home and abroad, make good use of both domestic and foreign resources and capital funds, and enable our market-oriented economy to meet the international challenge.

We are confident that, encouraged by Comrade Deng Xiaoping's remarks made during his south China inspection trip and by the guiding spirit of the 14th National CPC Congress, Shanghai citizens who have achieved marked results in the Year of the Monkey will work harder in the Year of the Rooster and achieve even more glorious success in speeding up reform, opening up, and economic development.

Zhejiang Paper on 'Useful' Economic Theories
OW0902110493 Hangzhou ZHEJIANG RIBAO in Chinese 28 Jan 93 p 1

[Unattributed commentary: "The Theories We Study Should be Useful"]

[Text] Leading cadres at all levels in Wenzhou have seriously studied economic theories and gained economic knowledge, and we have benefited from the inspiration they have given us.

First, we should intensify the study of economic theories among cadres during the process of building a socialist market economy. Leading cadres at all levels will face many new situations and issues as we develop the socialist market economy. Part of their knowledge is already outdated, and much is not familiar to them nor do they understand everything and are not proficient in everything. We must be resolute and concentrate our energies on the study of economic theories, gain an intimate knowledge of the economy, and work hard to keep ourselves informed about the pattern of economic construction so that we hold the initiative for leadership work. We will only be able to adapt to the new situation of a market economy and effectively lead economic work if we seriously and assiduously study Marxist economic theory, possess "economic cells," and are "economically minded."

Second, we should improve our theoretical study. Comrade Deng Xiaoping said: "We should be thorough in our study of Marxism and Leninism, and we should use what we study." Something will only have great vitality and appear attractive if it is useful, and one will only learn enthusiastically and conscientiously about something that is useful. We should stop paying lip service and stop practicing formalism if we want to make something useful. We should connect theory with practice; focus on theoretical issues concerning reform, opening up, and economic construction which urgently require solution; focus on theories which the vast numbers of cadres are pondering right now and which they badly need to understand; and focus on studying theories which we can study for the purpose of application and which will be useful after we have studied them. At present, we should work hard to study Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics, study

the guidelines of the 14th Party National Congress, and study the theory of a socialist market economy. We should strive to learn the skills of mastering economic work through study and practice.

Reform needs theories, and theories are required before practice. Leading cadres at all levels should take the lead in studying economic theories.

Central-South Region

Guangdong Governor Writes on Developing Economy

OW0702123293 Beijing QIUSHI in Chinese No 2, 16 Jan 93 pp 2-7

[Article by Guangdong Governor Zhu Senlin: "Opening Up Brings Economic Development to Guangdong"]

[Text] 1. Guangdong has achieved marked results in economic development since the policy of reform and opening up began.

Total domestic output value has risen from 18.47 billion yuan in 1978 to 178 billion yuan in 1991, an annual increase of 12.6 percent. The average domestic output value increased from 367 yuan to 2,823 yuan, an annual growth of 10.3 percent. The annual growth rate for total agricultural output value enjoyed a 7.1 percent increase; for total industrial output value, 18.4 percent; for tertiary industry, 14.2 percent; for total imports and exports, 22.5 percent, which represents a 38 percent of total industrial and agricultural output value, a big jump from 8 percent. With economic growth, the people's living standards have continued to increase. In 1991, the average income of urban families reached 1,530 yuan, while the net income of peasants amounted to 1,125 yuan. After deducting for inflation, growth rates of their incomes over the past 13 years reached 6.3 percent and 8.8 percent, respectively. Such rapid economic growth plays an important role in national construction. In 1979 when the financial responsibility system had not yet been introduced, net tax revenues collected by the central government were 817 million. In 1991, net tax revenues turned over to the central government were 6.9 billion yuan, with an average annual growth rate of 19.6 percent—a figure higher than the growth rate of provincial financial incomes. Why did Guangdong experience such great development in such a short period, 13 years? Many reasons can be attributed to this. Among them, opening up plays a tremendously important role, which can be shown by the following features:

First, foreign investment makes up for Guangdong's shortage of construction funds.

China's efforts in developing its economy were long restricted by the shortage of capital funds. With economic growth, the issue became acute in Guangdong. But, when we began to open up and tried to establish economic ties with other parts of the world, a favorable turn began. Foreign investment began to pour into

Guangdong to make up for the shortage of local capital funds. In the beginning, the commercial loans characterized by the three forms of import processing and compensation trade enjoyed relatively rapid growth. With the improvement of its investment environment, direct investment by foreign companies has become a major form of investment in Guangdong. The growth of economic strength and foreign exchange reserves in the following years helped give Guangdong access to foreign loans. Our province also tried to attract foreign funds by issuing stocks and bonds. During the 1979-1991 period, our province used \$14.934 billion of actual foreign capital funds. In 1991 alone, a total of \$2.583 billion of foreign funds was used in Guangdong, or 27.4 times higher than in 1979, accounting for 22.4 percent of China's use of foreign funds in 1991. The inflow of international funds helps Guangdong invigorate its economy. At present, one third of the province's construction funds come from foreign countries and regions outside the mainland.

Second, imports of advanced equipment and technology from foreign countries create conditions for Guangdong to improve the quality of its products and their entering into domestic and foreign markets.

The quality of commodities and the technology for producing them are the key to their entering and capturing the market. Although Guangdong has enjoyed a relatively advanced level in the commodity economy, its economy has only focused on commercial activities. It had a relatively poor industrial foundation, with backward equipment and technology. As a result, its industrial enterprises only turned out simple and low-grade products. Since the drive for opening up began, Guangdong has made great efforts to import advanced technology and equipment to upgrade the technological standard of enterprises in the province. Such efforts have resulted in rapidly narrowing the technological gap between Guangdong and some advanced regions in the country and improving its ability to compete in the international market. During the 1980-1990 period, Guangdong used \$5 billion in foreign reserves to import more than 4,000 technological advancements, 1 million sets of relatively advanced equipment, and 3,000 production assembly lines. Industrial enterprises in the province have accomplished more than 20,000 projects to upgrade technology, accumulating more than 38 billion yuan in capital. The annual investment for such projects increases by an average of 41.1 percent each year. At present, over 70 percent of industrial enterprises in the province have been technologically upgraded to some extent, forming a group of pillar and backbone enterprises in the fields of textiles, electric machinery, food processing, and construction materials. About 38 percent of backbone enterprises in 13 major trades have been technologically improved to the international standard of the late 1970's or early 1980's. As compared with the period before the reform and opening up, the gap between the overall technological level of industrial enterprises in the province and the international

advanced level has been narrowed by nearly 20 years, showing a jump in progress. With the improvement of industrial technology and equipment, the capability to develop new products has been increased and the grade as well as the quality of commodities has been enhanced. At present, more than 30,000 new products have been introduced, with more than 80 percent of them having a ready market. Guangdong-made products have projected a favorable image. One-third of the industrial products made in Guangdong sold locally, another one-third of them sold to other parts of the country, and the rest went to the international market. Some products have begun to gain a foothold in the competitive international market. Guangdong-made products have been amusingly termed as "having a foreign-made appearance—unless you examine the label."

Third, thriving foreign-funded enterprises have created a situation in which various economic elements exist. Their market-oriented management mechanism has a positive impact on the state-owned enterprises.

Since the reform and opening up, the ownership structure of our enterprises has been changed from the single-model of public ownership to a new pattern in which various economic elements coexist, with state-owned and collective enterprises as the main form. The key factor leading to such a breakthrough was the introduction of foreign funds and the establishment of the "three kinds of enterprises that are either partially or wholly foreign-owned." Soon after this, the local individual and privately run enterprises also achieved great progress. As of 1991, the number of "three kinds of enterprises that are either partially or wholly foreign-owned" amounted to 18,800 and that of individual industrial and commercial households and privately run enterprises reached 1.1 million, attracting more than 50 billion yuan in capital. These enterprises, especially those foreign-funded ones, operate on the basis of market-oriented mechanisms from the very beginning of their business opening. Thanks to foreign businessmen, who have brought with them a huge amount of investment and millions of laborers, who have come from other parts of the country, Guangdong's export-oriented economy and socialist market economy have been effectively developed in accordance with the rule of market distribution. The prosperous development of foreign-funded enterprises, privately run enterprises, and village and town enterprises has created a competitive atmosphere and environment, forcing the state-owned enterprises which formerly existed under an ossified system to meet the challenges. These state-owned enterprises have no other option except striving to import advanced equipment and technology from foreign countries; to learn advanced management and administrative experiences; to improve their labor, wage, and internal management systems; to change their management mechanisms; to work hard to open up markets; and to produce commodities needed by the market so as to survive and develop in a severely competitive market. Over the past 10 years and more, many large enterprises in Guangdong

have grown under the competitive environment created by foreign-funded enterprises. The facts have proven that under open competition, the coexistence and joint development of various ownership systems not only plays an active role in attracting capital, invigorating circulation, increasing employment opportunities, forming labor markets, and improving people's lives, but also serves as a stimulus to the rational distribution of productive elements, and encourages various enterprises to take an active part in market exchange and competition.

Fourth, guided by international market demands, we have made active efforts to expand exports. We have also enhanced our competitive capabilities and economic efficiency by directly taking part in international exchanges.

In order to take an active part in international economic competition, Guangdong has taken measures to correct its old foreign trade system, characterized by highly centralized planning, monopolized distribution, and the practice of "everybody eating from the same big pot." Guangdong began to invigorate export-oriented enterprises by transferring the management power to them, by introducing the competitive mechanism, by gradually canceling export subsidies, and by carrying out the policy of them having full responsibility for their own profits and losses. In this way, enterprises are able to make their own decisions, conduct their business independently, and increase their management abilities and competitive capabilities in the competitive international market. Under the strategic guidance of developing foreign trade, which is characterized by "one central task, two systems" (that is, creating more foreign exchange reserves as a central task, and building an export-oriented production system and international management and sales system), in 1991 the province's foreign trade enterprises invested 3.5 billion yuan and \$800 million in establishing more than 500 export-oriented production bases launched by themselves or through partnership, involving more than 1,500 export-oriented production projects. There are over 100 kinds of commodities with an annual export value of more than \$10 million, and there are eight kinds of commodities with an annual export value of more than \$100 million. They have maintained a stable supply of commodities on the international market. In order to establish an international management and sales system, we have paid attention to consolidating and improving our markets in Hong Kong and Macao. In addition, we have taken various measures to develop our foreign markets all over the world. At present, the province has established economic and trade ties with 156 countries and regions, and established more than 200 sales centers in the major trade markets of the world, thus forming a "Guangdong-Hong Kong-foreign countries" and "Guangdong-foreign countries" international sales network. In terms of management and sales methods, we have changed the former single-model sales system. In accordance with the actual conditions of each individual country, we have effectively enhanced our competitive capabilities in the international market, increased trade opportunities, and

strengthened our ability to create more foreign exchange reserves by boldly adopting various sales methods including spot trading, barter transactions, bilateral trade, commission sales, installment payments, and other international trade practices. Beginning in 1979, the province enjoyed an annual export growth rate of 19.1 percent for 13 consecutive years. By 1991, the province had achieved an accumulated export amount of \$67.72 billion, or more than five times the total export amount in the 29 years before the introduction of reform and opening up. Foreign trade has become an important pillar for Guangdong's economic development. As a result, Guangdong has become China's largest foreign trade base.

Fifth, we have gradually established various types of open zones, and created a large and free environment for the socialist market economy in Guangdong.

With the approval of the CPC Central Committee and the State Council, our province established the Shenzhen, Zhuhai, and Shantou Special Economic Zones in the 1980's. In 1984, Guangzhou and Zhanjiang were included on the list of coastal open cities. At the same time, economic and technological development zones were opened in these two cities. As their conditions for opening met requirements, Foshan, Dongguan, and Jiangmen on the Zhujiang Delta as well as Shantou, Zhanjiang, and other cities and counties in coastal area were included, one after another, on the list of open districts. As a result, Guangdong has created an open area composed of 16 cities and 42 counties where special economic zones, coastal open cities, and economic development districts are located. The total social output value and national income in this open area accounts for more than 80 percent of Guangdong's total; industrial and agricultural output value accounts for 70 percent of the total; financial revenue accounts for 90 percent of the total; and foreign trade value accounts for more than 80 percent of the total. As one can see, the area occupies a decisive position in Guangdong's economic development. From the beginning, the area established economic ties with other parts of the world and strove toward adopting an economic mechanism which is mainly regulated by market forces. With the expansion of open zones and market-regulation zones, the province has achieved marked results in using two different kinds of resources and markets. Guangdong has thus created a large environment for the development of the socialist market economy. The favorable results have also had a strong influence affecting mountainous and other areas in the province. Such a step-by-step and region-by-region development approach has greatly pushed forward Guangdong's market-oriented reform and stimulated the development of its export-oriented economy and socialist market economy.

II. People cannot help but ask: How could reform and opening up generate this tremendous impetus?

The contemporary world is an open world, and no country or region can develop under self-enclosed conditions. Firmly taking the road of reform and opening up to the outside world, making full use of both domestic and international markets and resources, and absorbing and taking advantage of the achievements of all the advanced civilizations, including those created by developed capitalist countries, are essential to our reform and construction, to internationalizing our economic activities, and to promoting the development of socialist productive forces. Guangdong is ahead of other provinces in opening up to the outside world, and it began the process of linking up with the international market at a fairly early stage. As a result, it has been able to proceed from reality, make the best possible use of favorable conditions, avoid the effects of unfavorable conditions, mobilize the initiatives of all sectors, and bring into play the superiority of all departments.

Guangdong is situated at the motherland's "south gate," bordering on the South China Sea and adjacent to Hong Kong and Macao. It has a total population of 63.49 million. It is the ancestral home of some 20 million Overseas and ethnic Chinese living in all parts of the world, or 70 percent of the total number of Overseas and ethnic Chinese abroad. Of the 6 million Hong Kong and Macao compatriots, 90 percent are natives of Guangdong. Guangdong has been an important province engaged in external economic exchanges since ancient times, and its people have a strong sense of the commodity economy. All these are favorable conditions for opening Guangdong to the outside world. In July 1979, the CPC Central Committee and State Council made an important policy decision to bring into play Guangdong's strong position when it approved and transmitted a report by the Guangdong provincial party committee on adopting special policies and flexible measures in external economic activities. In 1988, the central authorities designated Guangdong a comprehensive experimental zone for reform and opening to the outside world, asking it to actively push forward reform measures and open itself wider to ensure that it will continue "to make a headstart." As a result of the special policies and flexible measures adopted and the decisionmaking power delegated by the central authorities, Guangdong has been able to proceed from reality and "make a headstart" while upholding the four cardinal principles. It carried out the experiment in reforming its economic management system, opened itself wider to the outside world, and brought into play its superiority in geographical location and human resources to speed up economic development. During the last 13 years, the province has seriously implemented a series of central guidelines and policies on reform and opening up to the outside world and, in addition, carried out exploratory reform to orient the economy more toward the market. The provincial party committee and government have called for further steps to "open the province wider to the outside world, invigorate the provincial economy, and delegate more decisionmaking power to the lower level." They also called for giving top priority to "opening up."

First, its opening to the outside world has enhanced the people's vision, emancipated their minds, and given them a new sense.

Ideas guide action. With fettered minds, our action will inevitably slow down; with unfettered minds, we will be able to march with light packs. We have learned a profound lesson in this regard. During the early period of reform, the influence from a rigid, self-enclosed economic structure was very strong. "Leftist" ideas still fettered the minds of quite a large number of cadres and the masses. Many people regarded the return of Hong Kong businessmen to the province to conduct business or set up enterprises as "the return of capitalism." They considered the experimental special economic zones as "concessions" and they called the practice of processing foreign-supplied materials, assembling foreign-supplied parts, and engaging in compensatory trade "accepting other people's discarded materials." In light of this, the provincial party committee held a standing committee meeting in May 1981 to study the problem. In addition, it sponsored different types of classes and seminars to present the facts and to apply reason to the situation. It put special emphasis on the need to eliminate "leftist" ideas and helped the vast numbers of cadres and the masses to emancipate their minds. The call for further steps to "open the province wider to the outside world, invigorate the provincial economy, and delegate more decisionmaking power to the lower level" was made at this time to proceed from Guangdong's reality and to specifically implement the central authorities' "special policies and flexible measures." This call has become an impetus pushing Guangdong to open wider to the outside world.

The process of opening to the outside world inevitably brought with it decadent bourgeois phenomena. Economic crimes, public security cases, and all kinds of negative, ugly phenomena increased. This situation again created doubts and charges that the great opening up had "brought in capitalism" and that it would "ultimately shake the socialist foundation." In light of this, the provincial party committee again put forward specific guidelines, including the policy of "standing firmly in two respects" (standing firmly in cracking down on law violations and criminal activities in the economic field, and standing firmly in opening up to the outside world and revitalizing the provincial economy), the policy of "bringing in what needs to be brought in and resisting what needs to be resisted," and the policy of "opposing what is filthy, and not what is foreign." These policies have rectified the tendency to neglect the need to "oppose what is filthy" while at the same time preventing the emergence of "antiforeign" sentiments, thereby ensuring the smooth progress of reform and opening to the outside world.

"Time is money; efficiency is life." This is a slogan which first appeared in Shekou. Spurred by this slogan, the people in Guangdong began to race against time and work hard to raise productivity and increase the speed of construction. A sense of value, competition, and law that

is more compatible with a socialist market economy has begun to strike root in the hearts of the people and has become a huge motive force pushing Guangdong to open itself to the outside world. The vast numbers of cadres and the masses began to earnestly study advanced foreign managerial expertise, experience, and market operating skills in an effort to absorb the achievements of civilization created by mankind.

Second, opening up has made it possible to use the favorable conditions of the localities fully and to bring superiority into play.

"Being adjacent to Hong Kong and Macao, and having more people who live abroad" are Guangdong's two favorable conditions for developing an open economy. In the years when "class struggle was taken as the key link," these favorable conditions were not able to be brought into play; on the contrary, they had become a burden. Only in the environment of reform and opening did Guangdong's superiority in geographical location and human resources release a tremendous amount of energy and create the most favorable conditions for developing a socialist market economy.

After several decades of high-speed growth, Hong Kong has become one of Asia's "four little dragons" and the focus of world attention. Our country began opening up to the outside world at the very time when the "four little dragons" were adjusting their industrial structures. Taking advantage of the opportunity created by Hong Kong's industrial restructuring, we made a great effort to develop material processing, parts assembling, and compensatory trade to accumulate development funds. In particular, we took advantage of Hong Kong's position as an international economic center in the Asia-Pacific region to develop our own economy. For example, we used its highly efficient trade offices, extensive international trade network, and position in the international market to develop our foreign trade. We also used its advanced banking industry and flexible and varied financing channels to resolve Guangdong's construction funding shortages. Further, we drew on the experience of its open economic structure and learned from its successful managerial and operational experience to create an investment environment compatible with international practice and to accelerate the pace of structural reform.

At the same time, the implementation of the policy of housing for Overseas Chinese in urban and rural areas, and the adoption of a series of policies toward Overseas Chinese have aroused their patriotism and love of their native land. Large numbers of Overseas Chinese have returned to their native land for visits and sightseeing. They have generously donated money to build schools, hospitals, and other welfare facilities, and invested in industrial projects. More notably, they have provided Guangdong with a large amount of information, helping it understand the way business is conducted in the international market. They have also actively helped Guangdong export its goods by serving as go-betweens.

Through the contact and exchange between fellow villagers and compatriots, Guangdong has learned more about the outside world.

III. In order to ensure that our opening up drive will play a role in promoting the socialist economy, we have continued to readjust our policy so as to create a better macroenvironment and conditions.

First, it is necessary for us to improve the investment environment.

A proper environment for attracting foreign investment as well as for exchanging commodities and information is needed if we wish to improve our economy. The speed and scale of the opening drive depend on whether our investment environment is good or not. Such an environment will have a direct bearing on the success or failure of our open economy. In the beginning of the opening up drive, our infrastructure was backward, our economic system ossified, our administrative efficiency low, and restrictions on economic development quite rigid. This situation helped us understand that preferential policies alone are not good enough unless we have a wholesome investment environment. Therefore, it is necessary to pay attention to building and improving the investment environment.

We have strengthened the construction of the "hard" investment environment. We began with the "improvement of transportation, telecommunications, postal service, water supply, drainage system, natural gas supply, steam supply, and ground leveling" in open zones (mainly special economic zones and economic development zones). Then we focused on improving transportation, postal service, telecommunications, energy and power supply, and tourism across the province. In recent years, we have accelerated the pace of building a modern infrastructure. During this process, we introduced the market mechanism and carried out the method of "pooling funds to build infrastructure facilities to provide paid service." We have tested and adopted a development method by which we use electricity incomes to build more power stations and use road taxes to build more roads. As a result, great progress has been made in accelerating the construction of the infrastructure. During the 1987-1991 period, our power installation capacity increased from 1.7 million kilowatts [kw] to 9.556 million kw and our electric energy production increased from 9.23 billion kilowatt hours [kwh] to 39.49 billion kwh, with an annual growth rate of 11.8 percent. In terms of transportation construction, we have made two-track improvement of Hengguang Railway and built Shanmao Railway, thus increasing the total railway mileage from 1,005 km to 1,287 km. We have built 4,054.24 km of new roads and more than 1,000 highway bridges. Cars and buses can run on almost all highway truck lines without using ferry boats. We have built or enlarged 41 deep-water berths capable of accommodating 10,000-ton class ships. As compared with 1987, our telephone exchange capacity in 1992 increased by 9.1 times, while long-distance exchange capacity

increased by 36.5 times. We have achieved a breakthrough success in building the infrastructure to improve the investment environment and thus laid a solid foundation for developing socialist market economy.

We also have paid attention to the improvement of the "soft" investment environment. We have comprehensively carried out the state's and province's policies and measures which are designed to attract foreign investment. We have conducted foreign-related economic affairs in accordance with international practice. We also have built and improved a service system designed specially to serve foreign investors. The province has formed an association for foreign-funded enterprises and a company specializing in providing materials to foreign-funded enterprises. All localities also have formed centers designed specially to serve foreign-funded enterprises. Many localities have adopted a streamlined service method in their centers where foreign investors can conduct business negotiations, sign contracts, file industrial and commercial registrations, and apply for import and export licenses. Such a streamlined service has enhanced administrative efficiency. Efforts have also been made to create a better environment where the legal system can be carried out. We examine and approve contracts in accordance with the law. Likewise, we solve various economic disputes and protect foreign businessmen's legal rights and interests in accordance with the law. To meet the needs of handling complicated foreign-related economic affairs, various localities have occasionally set up different kinds of training classes to promote the quality of personnel who are in charge of foreign relations.

Second, we have continued to deepen structural reform in a bid to push forward the opening up drive.

The reform and opening up are mutually restricted and mutually supplementary. To develop an open economy requires a corresponding open economic system. Continuing open economic development is preconditioned by a continuing improvement of the reform and open economic system. In the early years of the opening up drive, the central authorities adopted a special policy and flexible measures toward Guangdong. In terms of planning and financial aspects, the central authorities clearly defined the limitations of Guangdong's policy-making powers. Such a practice laid the foundations for the macrocontrol of Guangdong's open economic development. In the course of opening up to the outside world, we have continued to deepen the reform of economic structures. In addition, we have provided an institutional guarantee for the smooth progress of the opening drive. Over the past 13 years, Guangdong has taken the lead in carrying out the arduous task of market-oriented reform. The measures it has taken follow:

We have continued to push forward the reform of enterprises' management mechanism. Enterprises are the main part of the market. If we do not have invigorated enterprises, we cannot be expected to have an

invigorated market. In order to compete in the domestic and international markets, Guangdong began by giving more decisionmaking power to enterprises. Enterprises have been given more decisionmaking power in the fields of production and management planning, marketing, commodity prices, purchase of raw materials, use of capital funds, capital asset allocation, establishment of organizations, labor affairs, wages and bonuses, and joint management. In this way, they have gradually become independent or relatively independent commodity producers and business operators having full authority for management and full responsibility for their own profits and losses. By implementing the management responsibility system, we have invigorated enterprises by helping them carry out their own supplementary reform projects. At present, matters relating to enterprises' production, material supply, and product distribution are basically regulated by the market force. Most enterprises have geared themselves toward the market (including the overseas market). A large number of enterprises have shown a new vitality in a competitive market environment where the weakest fail. The drive for improving the economic environment and rectifying the economic order which was carried out several years ago has served to improve our reform and national construction. But our enterprises also once met the problems of a weak market and production slowdown. However, Guangdong's enterprises have restructured their operating mechanisms by gearing themselves toward the market much earlier than those in other parts of the country. Therefore, after experiencing a short period of pain, Guangdong's enterprises were able to quickly grasp new opportunities offered by the market. They have speedily readjusted their production and management structure and product mix and regained the initiative in the competitive marketplace. This is an important reason why Guangdong has maintained a high rate of growth during the drive to improve the economic environment and rectify economic order.

We have actively promoted price reform. The key for establishing a sound market mechanism lies in the establishment of a sound market pricing system. We can realize fair competition and associate ourselves with international economics only if we honor regular value patterns, bring into full play functions of market regulation, and overcome the severe deviation of prices from values. Price reform is the starting point for Guangdong to gear its market toward reform, and price liberalization and readjustment have played a large part in driving its market and economic development. In the early 1980's, Guangdong seized the opportunity and adopted the method of "combining regulation and liberalization, emphasizing liberalization, liberalizing with control, and promoting different price categories" to successively liberalize the prices of aquatic products, fruits, vegetables, and pigs. It later liberalized the prices of a majority of household and industrial goods as well as fully liberalized grain prices last year. Guangdong has now liberalized the prices of all agricultural and sideline products and subjected the prices of over 90 percent of industrial

products to market regulation. Price reform has aroused the enthusiasm of commodity producers and the "invisible hand" of prices has begun to flexibly regulate the production and operations of enterprises on a larger scale.

We have accelerated reform in the commercialization of production factors and the establishment of a market system. The emphasis on liberalization in price reform has promoted reform of the entire province's circulation system, commercial sectors, materials markets, and foreign trade. This has gradually broken the long-established and ossified model of three fixed situations (in sales channels, variety of operations, and sales prices of commodities) and four-level circulation (through central authorities, province, city, and county). Subsequently, we have established an open commodity circulation network that is centered on state-run and collective enterprises and consists of an intermingling of multieconomic sectors, multioperational methods, and multicirculation channels. We have also established consumer goods markets, such as agricultural product markets, industrial commodity markets, and specialized markets integrating the functions of purchases and sales. Meanwhile, we have purchased the majority of our raw materials from markets, distributed part of our labor resources through markets, and basically procured construction funds on our own, which we have also repaid ourselves. Thus, various production materials markets, labor force markets, financial markets, scientific and technological markets, and realty markets began to grow. This has accelerated the pace of the establishment of a market system and created an increasingly sound market environment for opening up the economy.

We have actively molded a government macroeconomic regulation and control system suitable for socialist market economic development. The major disadvantages of the traditional system are overconcentration of powers, excessive control and regulation—particularly in overemphasizing the role of planning—and ignorance of the market's role. It was difficult to associate ourselves with international markets with this system, as it could not suit the needs of opening up to the outside world. Guangdong has boldly reformed this traditional system since it opened to the outside world. The economic operating mechanism has gradually been changed from a principally planned and controlled mechanism to one that is market regulated, and from a direct to an indirect microeconomic regulation and control mechanism. During this process, the provincial government has given powers to all cities, counties, and relevant departments. In particular, we have practiced the integration of powers, responsibilities, and profits as well as stratified management and regulation, and control by delegating greater authority to cities and counties to determine their own economic policies. On financial management, we implemented different forms of the responsibility system at different levels. Meanwhile, we asked all cities to balance their income and expenditures so that they would not incur any deficits. On planned investments,

we gave cities and counties more powers to approve foreign fund use and raise funds for capital construction and technological transformation. We also gave enterprises decisionmaking power in production and operations. We have improved the market environment and worked hard to coordinate various services. Thus, we have fundamentally established a macroeconomic regulation and control system with economics as the main lever supplemented with essential legal and administrative measures.

Southwest Region

Yang Rudai Addresses Sichuan CPPCC Session

HK0702014093 Chengdu Sichuan People's Radio
Network in Mandarin 2300 GMT 31 Jan 93

[Text] Yang Rudai, provincial CPC secretary, made an important speech at the First Session of the Seventh Sichuan Provincial Chinese People's Political Consultative Conference [CPPCC] held yesterday [31 January] morning. On behalf of the Sichuan Provincial CPC Committee, Yang Rudai extended his congratulations to the opening of the session.

Yang Rudai's speech was divided into three parts: 1) Correctly analyzing and understanding the present situation; 2) guiding thought and focal point of the work in 1993; and 3) under the guidance of the spirit of the 14th CPC National Congress, pushing our province's united front and CPPCC work to new heights.

In discussing the guiding thought for the work in 1993, Yang Rudai said: The year 1993 is an important year in which our province will further carry out reform and opening to push our economic development to new heights. The 12th Plenary Session of the Fifth Provincial CPC Committee held in mid-January approved the main points of the work of the provincial CPC Committee in 1993 and explicitly put forward the guiding thought for the work this year. In other words, it is necessary for us to continue to profoundly study and fully implement the spirit of Comrade's Xiaoping's important remarks made during his southern tour as well as the spirit of the 14th CPC National Congress. It is necessary to abide by the theories on building socialism with Chinese characteristics and the party's basic line. It is necessary for us to emancipate our minds, seek truth from facts, promote unity, advance courageously, and work in a down-to-earth manner. Focusing on the establishment of the socialist market economic system, we must emphasize the mechanisms of the system, increase the weight of reform, and expand opening.

Under the prerequisite of vigorously improving quality, optimizing the product mix, and increasing efficiency, we must maintain our faster economic development to push our province's economy to new heights in a still better and faster way. We must consolidate and develop the situation of stability and unity, promote comprehensive progress in our social undertakings, and strive for

the overfulfillment of the strategic objectives set in our province's 10-year program three years ahead of schedule.

Yang Rudai said that the focal point of our economic work this year can be summarized by the following: Stabilizing our foundation—augmenting agriculture, strengthening infrastructure projects, speeding up the transformation of mechanisms, and expanding work aimed at inviting investment and importing foreign capital.

Yang Rudai also stressed: While firmly grasping our economic work, we must persist in implementing the guiding principle of doing two types of work simultaneously and attaching equal importance to both to boost the building of the socialist spiritual civilization and the development of the democratic and legal systems.

In discussing the issue of pushing our province's united front and CPPCC work to new heights under the guidance of the 14th CPC National Congress, Yang Rudai expressed three opinions and hopes aimed at strengthening united front and CPPCC work: 1) Carrying forward the fine tradition of self-education of the CPPCC to organize its members at all levels to conscientiously study the spirit of the 14th CPC National Congress as well as theories and policies on united front work; 2) giving full play to the functional role of the CPPCC at all levels of political consultation and democratic supervision; and 3) the CPPCC at all levels strengthening its own building, and the building of leading bodies in particular to ensure that they can properly carry out their basic functions of political consultation and democratic supervision.

Sichuan Leaders Discuss Congressional Report

HK0402072293 Chengdu Sichuan People's Radio
Network in Mandarin 2300 GMT 2 Feb 93

[Excerpt] On 1 and 2 February, provincial party committee and provincial government leaders including Yang Rudai, Xiao Yang, Liu Changjie, Pu Haiqing, Diao Jinxiang, and others visited the various delegations attending the First Session of the Eighth Provincial People's Congress at their respective accommodations, where they examined the government work report, deliberated on the list of candidates for the Eighth National People's Congress [NPC], and listened intently to the views and proposals of the deputies.

At 1400 on 1 February, Yang Rudai, provincial party secretary, arrived promptly at the Jinliu Guesthouse which housed the first delegation from Leshan. There he joined the deputies in deliberating over the list of candidates to be selected for the Eighth NPC.

In the deliberations of the government work report by the Nanchong delegation, Xiao Yang, vice governor, maintained that the most important point in the work report lies in the emphasis on upholding the ideological

line of seeking truth from facts and everything proceeding from practical conditions. The enormous achievements we have obtained in the past five years are primarily attributed to this line.

On the afternoon of 1 February, Pu Haiqing, vice governor, joined the Chongqing delegation in discussing the government work report. [passage omitted]

North Region

Hebei's Cheng Weigao Inspects Pingshan County

SK0602005093 Shijiazhuang HEBEI RIBAO in Chinese 21 Jan 93 p 1

[By reporter Lu Li (0712 0500) and Lin Huizeng (2651 2585 1073): "Poor Mountainous Areas Should Stand on Their Own Feet and Be Determined To Improve Themselves To Seek Rapid Development"]

[Text] Today, Cheng Weigao, secretary of the provincial party committee and provincial governor, travelled to Pingshan County to extend regards to people in the disaster areas and to visit some particularly poor families in Nanhonganzhai village. While holding talks with the district and county cadres, he pointed out: Party committees and governments at all levels should pay special attention to the economic development of the revolutionary old bases and poor areas. Areas where the economy is quite developed should support and help the revolutionary old bases and poor areas in their economic construction. However, the mountainous and poor areas should not wait for support and help from the developed areas. They should stand on their own feet and be determined to improve themselves, to seek rapid development, to end poverty, and to become wealthy as quickly as possible.

Today marked the 28th of December by the lunar calendar. Cheng Weigao led responsible comrades of the general offices of the provincial party committee and the provincial government, the Civil Administration Department, the Planning and Economic Commission, and other relevant departments to Nanhonganzhai village in Wentang town of Pingshan County to visit five villagers, including Li Haishan, who had difficulties in living because of drought, sent them gifts and encouraged them to work hard to develop production, to shake off poverty and to become wealthy as early as possible.

After listening to work briefings given by the Pingshan County party committee and government, Cheng Weigao stressed: The final goal of building socialism with Chinese characteristics is to realize common prosperity. In the course of realizing this goal, economically developed areas should accelerate reform and opening up, speed up economic development, and support and help the poor areas in their economic development. Poor areas, however, should not wait for support and help from the developed areas. They should stand on their own feet and be determined to improve themselves, to

accelerate development, to change their backward situation and to expedite their pace in shaking off poverty and becoming rich. Otherwise, the gap between the urban and rural areas and between the rich and the poor will be widened, the realization of the goal of enabling the people across the province to double the gross national product, to become rich or well-off, and to build an economically strong province will be hard to achieve, and the party's prestige among the masses, the relations between the urban and the rural areas, the worker-peasant alliance, and the consolidation of the socialist front will also be affected. Therefore, no matter in what sense, we must exert strenuous efforts to grasp economic development in the revolutionary old bases and poor areas while accelerating reform, opening, and development in the coastal economically developed areas, and accelerate the pace of ending poverty and becoming wealthy.

Cheng Weigao said: The key to changing the backward outlook of the revolutionary old bases and poor areas lies in emancipating minds, renewing concepts, deepening reform, and expanding the degree of opening. It is necessary to have the spirit of improving the backward situation through self-reliance and great determination and a good mental state. Over the past two years, Pingshan County witnessed great changes, made two big steps in two years, and entered a new stage, enabling the average per-capita income of the people to increase by nearly 70 percent. Pingshan County has three major experiences in this regard. First, it has emancipated minds, changed the unfavorable conditions into favorable ones, and selected a correct path for developing the economy and ending poverty and becoming well-off; second, it has changed its closed state into an open state, and placed the point of departure for eliminating poverty and becoming rich on reform, opening, and the development of the commodity economy; third, it has changed the practice of looking upward to self-reliance, and its cadres have cultivated a spirit of standing on their own feet and relying on own efforts to accelerate development and construction. The changes in Pingshan County have told us that as long as the revolutionary old bases and poor areas persist in implementing the party's basic line and persist in opening and development and in regarding economic construction as the central task, they will be able to change their backward outlook.

Cheng Weigao pointed out: Last year, since the implementation of Comrade Xiaoping's important speech made during his tour to south China and the guidelines of the 14th CPC Congress, all localities have paid greater attention to the secondary and tertiary industries, to the economic development of developed areas, and to enabling some areas and individuals to become rich ahead of others. This way of acting is correct. However, they must not neglect agriculture and the poor areas, and must not forget that there are still some people having difficulties in food and clothing in the province. It is necessary to comprehensively implement the guidelines

of the 14th CPC Congress and to pay real attention to this issue in our work arrangements and guiding ideology.

In order to enable the poor areas to eliminate poverty, to become wealthy, and to accelerate the development pace, Cheng Weigao stressed the following: First, all revolutionary old bases and poor areas should further emancipate minds; renew concepts; explore ways to fully use local manpower, land, forest farms, and mining resources; and define correct economic development ideology and strategy, and the mountainous areas should pay special attention to developing the courtyard economy. Second, on the basis of implementing the guidelines of the fifth session of the fourth provincial party committee, all localities should formulate and implement the overall plan, objectives, and tasks for eliminating poverty and becoming rich in each and every township, village, and household while formulating the Eighth Five-Year Plan and the economic development plan to be carried out until the end of this century, and solve the poverty issue through various practical and effective forms and ways. Third, on the basis of eliminating poverty and becoming rich, we should formulate plans for building power, road, water, broadcasting, and television facilities in each and every township and village; realistically improve the production conditions; and raise the cultural level of laborers. Fourth, we should mobilize the provincial, prefectural and city organs at all levels, large and medium-sized enterprises, township enterprises, collective enterprises, and individual and private enterprises to adopt the method of helping and leading the counterparts and to help the poor areas eliminate poverty and become rich as quickly as possible. Fifth, we should pay greater attention to reducing the burden of peasants in the poor areas, reduce the collection of accumulated and overall arrangement funds from villages and townships to the minimum, ensure that such funds will not be over 5 percent, and strive to lower it to 4 percent. Sixth, social educational work teams should give priority to helping poor areas and villages eliminate poverty and become wealthy, and poor areas should try by all possible means to solve the development funding issue through various channels. Eighth, we should increase investments in education, public health, and family planning and in giving healthy births and bringing up healthy children, and improve the population quality, and the cultural and health level of the people. This is an important guarantee for enabling the poor areas to fundamentally eliminate poverty and become wealthy.

Wang Qun Attends Inner Mongolian Congress

SK0902014293 Hohhot NEIMENGGU RIBAO in Chinese 8 Jan 93 p 1

[Text] The Sixth Session of the Seventh Inner Mongolia Regional People's Congress ended successfully on 7

January. In line with legal procedures, the session participants elected 63 deputies, including Wang Xianjin and Yu Xinglong, to attend the Eighth National People's Congress.

Wang Qun, Batubagen, Qian Fenyong, Wu Ligeng, Butegeqi, Zhang Cangong, Seyinbayaer, Xu Lingren, Bai Junqing, Liu Zhenyi, Sha Tuo, Zhou Rongchang, Cui Weiyue, and Yu Xinglong served as executive chairmen of the session.

Attending the session and sitting on the rostrum were leaders of the regional party, government, and Army organs and the regional Chinese People's Political Consultative Conference Committee, including Bu He, Geriletu, Wuyunqimuge, Liu Zuohui, Alatanaoqier, Zhao Zhihong, Fang Chenghai, and Zhou Junqiu; Yang Dalai, president of the regional Higher People's Court; Zhang Hesong, chief procurator of the regional People's Procuratorate; and Chao Luomeng, executive member of the congress Presidium.

Badalahu, secretary general of the congress, also sat in the front row of the rostrum.

The sixth session of the seventh regional People's Congress has 577 deputies, of whom only 497 attended the session. The figure was sufficient for the required quorum.

Batubagen presided over the session.

Before the opening of the session, all deputies rose and stood in silent tribute to Comrade Shen Xinfu, a veteran Red Army soldier, deputy of the seventh regional People's Congress, and executive member of the sixth session of the seventh regional People's Congress, who had died on 6 January.

In a speech Batubagen said: The sixth session of the seventh regional People's Congress has successfully fulfilled the tasks and attained the expected goal. This session has been permeated with an atmosphere of unity, democracy, and enthusiasm from start to finish. This session has promoted democracy, realistically guaranteed the democratic rights of deputies, strictly followed the law during the election procedures, and manifested the principle of managing in line with law. We can say that this session is very good practice for further consolidating and developing the achievements of the democratic election system, perfecting the People's Congress system, and strengthening the building of socialist democratic politics.

Batubagen said: The term of office of the seventh regional People's Congress will end soon. Over the past five years the deputies, through their work and activities in the local organs of state power, have conscientiously performed their own duties and contributed to promoting the development of the autonomous region's reform, opening, and economic construction; building socialist democratic politics with Chinese characteristics; improving the People's Congress system; and

building socialist democracy and the legal system in the region. We ardently hope that all deputies will continue their efforts, rally with the people of various nationalities across the region, deeply implement the guidelines of the sixth enlarged plenary session of the fifth regional party

committee under the guidance of the 14th CPC Congress, emancipate minds, seek truth from facts, unite as one and forge ahead, make earnest efforts to carry out practical work, and make new contributions to realizing the region's second step in its strategic objective.

Beijing 'Ready' To Share Olympics With Taiwan

*OW0602102593 Tokyo KYODO in English 0910 GMT
6 Feb 93*

[Text] Tokyo, Feb. 6 KYODO—Beijing is ready to share part of the Olympic games with Taiwan if it is selected as the site for the games in 2000, the president of the Chinese Olympic Committee said Saturday.

He Zhenliang, who is visiting Tokyo, recommended baseball as the most suitable sport in such an endeavor.

Beijing is one of seven cities bidding for the 2000 Olympics. The others are Berlin, Sydney, Istanbul, Milan, Manchester and Brasilia with Beijing and Sydney regarded as co-favorites in the bidding race.

The host city will be decided at the IOC's 100th session in Monte Carlo in September.

He, a vice president of the International Olympic Committee (IOC), also said China is ready to enter the women's world volleyball grand prix that Taiwan plans to stage in June provided the latter observe rules stipulated by the International Volleyball Federation (FIVB).

China's series of conciliatory measures toward Taiwan appear aimed at helping it win support to win the right to host the Olympics, Japanese sports sources said.

But he, who is also a vice chairman of the Beijing bidding committee, said the matter of sharing the Olympic events was first suggested by the Taiwan side.

Sino-Taiwanese sports exchanges have so far been one-sided with Taiwanese or teams from Taiwan always visiting Mainland China, including the 1990 Beijing Asian games, and not vice versa.

Opposition Lawmaker Alleges Hao Plotted Coup

OW0802193693 Taipei TZU LI WAN PAO in Chinese
29 Jan 93 p 1

[By reporter Chen Shan-jung (7115 2619 2837): "Yeh Chu-lan Says Hao Po-tsun Held Secret Military Meeting"]

[Text] Why did Hao Po-tsun, president of the Executive Yuan, refuse to resign his Cabinet en masse during his meeting with President Li on 25 January? In a written interpellation today, Yeh Chu-lan, a Democratic Progressive Party member of the Legislative Yuan, said: On 23 January, Hao Po-tsun convened the "Eighth Meeting on Military Affairs" with a dozen or so active-duty and retired generals—including Huang Hsing-chiang, Chen Ting-chung, and Hsu Li-nung—at his official residence in Shihlin to discuss their involvement in political strife.

Yeh Chu-lan stated: Hao Po-tsun's open refusal to retire his Cabinet en masse showed that he relied on conservative military generals for support stemming from the barrel of a gun. She asked President Li Teng-hui to exercise his presidential functions and immediately order Mr. Hao relieved of all duties, adding that the active-duty and retired generals involved in the coup plot should be sent to military and judicial organs for prosecution.

Yeh Chu-lan said: From January to June 1991, Hao Po-tsun illegally convened monthly military meetings of high-ranking military officers in the Executive Yuan as he met with the Chief of General Staff and the commanders-in-chief of the three branches of the armed forces. On 23 July, he transferred the meeting venue to the Ministry of National Defense. Following strong criticism from the public and the media, Hao Po-tsun exercised some restraint and was forced to discontinue the meetings.

She said: After the Legislative Yuan elections, Mr. Hao was deluged with public calls for the resignation of his entire Cabinet. To protect his vested interests as premier, he adamantly refused to resign his Cabinet en masse and held the Eighth Meeting on Military Affairs on 23 January. A dozen or so active-duty and retired generals attended the meeting at his official residence in Shihlin as they secretly plotted their involvement in political strife. They included Huang Hsing-chiang, vice chief of the General Staff and executive officer; Chen Ting-chung, Army commander-in-chief; Wang To-chih, vice minister of national defense; Wang Jo-yu, commander of the Military Control Area and the Maritime Patrol Administration; General Chu Yen-chang, division commander at the military training base on Chengkung Mountain (formerly a department director at the Office of the Chief of General Staff; his wife, Chao Ling-ling, is a key member of the 'Sungpo Club' of military-connected National Assembly members who support Hao Po-tsun); Hsu Po-sheng, dean of the Armed Forces University War College; Hsu Li-nung, chairman of the Vocational Assistance Commission for Retired

Servicemen [VACRS]; Chen Chien-kao, national defense adviser and convener of public security briefings at the Executive Yuan; Chou Chung-nan, former commander-in-chief of the Taiwan Garrison General Headquarters; and Mao Meng-yi, former commander of the Penghu Defense Command and currently board chairman of the VACRS-affiliated Hsin Hsin electronics conglomerate.

Yeh Chu-lan said: The meeting lasted from early morning to midday. It provided military support to Hao Po-tsun when he indicated his firm refusal to resign his Cabinet during his 25 January meeting with Li Teng-hui. Yeh Chu-lan criticized the ulterior motives of the "Hao military faction," saying: The Army is the mainstream of the Armed Forces, while the VACRS controls one-tenth of the huge state budget. Their involvement in political strife will harm the lives, property, and safety of 20 million people.

News Leak Doomed Coup Plot

OW0802212693 Taipei TZU LI WAN PAO in Chinese
30 Jan 93 p 3

[Unattributed report: "Yeh Chu-lan: Premier Hao Secretly Plotted Coup"]

[Text] In yet another emergency interpellation to the Executive Yuan today, Legislator Yeh Chu-lan stated: After holding the Eighth Meeting on Military Affairs on 23 January, Executive Yuan President Hao Po-tsun and the generals who had attended the meeting flew to Little Chinmen by special plane the following day. There, they secretly held the Ninth Meeting on Military Affairs to plot the "encircling of the main island from offshore islands" as they planned to widen the political strife into a coup d'etat. After news of their plot leaked, he hastily canceled his plans and decided to have a showdown with President Li over his disagreement with the appointments of high-level personnel. Legislator Yeh asked President Li to immediately order military and judicial organs to conduct a thorough investigation in the interest of national security.

In her interpellation, Legislator Yeh said: Premier Hao grew more ambitious after holding the Eighth Meeting on Military Affairs on 23 January. On 24 January, he again ordered a dozen or so active-duty and retired generals from the Hao military faction—including Huang Hsing-chiang, vice chief of the General Staff; Chen Ting-chung, Army commander-in-chief; and Hsu Li-nung, chairman of the Vocational Assistance Commission for Retired Servicemen—to fly to Little Chinmen where they secretly held the Ninth Meeting on Military Affairs and plotted the involvement of field commanders in a political tussle designed to support Hao and overthrow Li. They planned to return to Taipei aboard the same plane on 25 January, after which they would expand their activities within the military in preparation for the power grab. News of the plot surfaced because the coup plot was just too vicious and the activity too overt—i.e., sending a special airplane back

and forth and asking field commanders to play host throughout. The news leak led to the cancellation of the plans.

Yeh Chu-lan noted: Premier Hao's use of the magic weapon of an "armed coup," as well as the way in which he came close to staging the coup, has escalated the current volatile situation. These people will destroy Taiwan's immature democratic politics, usher in a vicious circle of endless political tussles and coups d'etat, and give Communist China a most powerful excuse to seize Taiwan. To save the situation, President Li should exercise his power to dismiss Hao, discharge the people involved pending investigations and subsequent prosecution through military and judicial channels, and conduct a thorough investigation.

Defense Ministry Denies Coup Plot

OW0902023693 Taipei China Broadcasting Corporation News Network in Mandarin 2300 GMT 8 Feb 93

[From the "Hookup" program]

[Text] The Ministry of National Defense seriously said on 8 February that the Armed Forces of the Republic of China [ROC] are completely loyal to the country, respect the ROC Constitution, obey the Armed Forces commander-in-chief, and defend the state security. They have not staged a so-called military coup d'etat nor harmed the personal safety of the head of state, as rumors have suggested.

A newspaper reported that some conservative military personnel had proposed staging a coup d'etat or taking actions not in the interest of the head of state to support a continuation of Hao Po-tsun's premiership.

The military spokesman seriously pointed out: According to Article 36 of the ROC Constitution, the president shall have supreme command of the land, sea, and air forces of the whole country; while Article 138 stipulates that the land, sea, and air forces of the country shall be above personal, regional, or party affiliations, shall be loyal to the state, and shall protect the people. Our Armed Forces belong to the country. We will never permit any unrestrained personal behaviors to affect the discipline and norms of the Armed Forces. For this reason, all personnel, without the approval from the authorities, are strictly banned from participating in parades, demonstrations, protests, or other mass movements, let alone the staging of a so-called military coup d'etat or taking action to harm the personal safety of the head of state. The unfounded, distorted news report has directly hurt the Armed Forces' nonpolitical position and should not be given any credit.

Official Views Council Report on U.S. Policy

OW0902083293 Taipei CNA in English 0802 GMT 9 Feb 93

[Text] Taipei, Feb. 9 (CNA)—The United States, in consideration of its national interest, would be unlikely to support Taiwan independence, a Republic of China [ROC] Foreign Ministry official said Monday.

The official, who requested anonymity, was commenting on a report on United States China policy released by the Atlantic Council Monday.

Titled "The United States and China at a Crossroads," the report suggested that Taiwan's de facto self-determination may continue only if the people on Taiwan withhold from declaring de jure independence.

It warned that a declaration of de jure independence of Taiwan may cause calamitous results which the United States would be unable or unwilling to correct.

The official said as far as he understood, the US Government has never changed its one-China policy position, that "Taiwan is part of China."

"Advocating Taiwan independence is one thing, taking action to realize the idea is another," he said. "The United States will not approve of Taiwan independence as a matter of its own national interest."

As a matter of fact, he added, Washington is somewhat worried about the growing demand for independence by the opposition Democratic Progressive Party [DPP] and its supporters, especially after the DPP posted major gains in last year's legislative elections.

Some local scholars tended to regard the Atlantic Council report as a reiteration of the established US policy.

Chin Jung-yung, an associate researcher at the Institute of International Relations at National Chengchi University, said Washington's position against Taiwan independence is "rather clear."

Under its China policy, which has been balanced and subtle, the US Government is unlikely to radically adjust its policy toward Mainland China, he asserted. Nor will Washington change its Taiwan policy, which it sees as quite stable at present.

Economic Prosperity Attracts Mainland Stowaways

OW0902103693 Taipei CNA in English 0822 GMT 9 Feb 93

[Text] Taipei, Feb. 9 (CNA)—Taiwan's economic prosperity is the main attraction to Mainland Chinese stowaways, according to a study by the Mainland Affairs Council.

The council questioned 1,113 illegal mainland immigrants now being detained at Hsinchu, Ilan and Matsu reception centers about their motives for coming to Taiwan.

Of those surveyed, 82.3 percent said they came simply because they believed it is easier to make a living in Taiwan.

Still, 14.4 percent said they were beguiled into thinking they could find legal entrance into Taiwan. Among them, 86.3 percent said they were deceived by their fellow mainland citizens, while 12.5 percent said they were swindled by people from Taiwan.

Almost 74 percent said they were aware that they would be punished by authorities after repatriation.

Nearly 36 percent said they had paid 500 to 1,000 renminbi for getting smuggled into Taiwan [words indistinct] percent said they had spent between 1,088 and 2,000 renminbi.

As high as 78 percent of illegal mainland emigrants said that they found jobs on their own after entering Taiwan, while another 14 percent said they needed outside help for landing jobs.

About 45 percent reported that their monthly wages here ranged between NT\$15,000 [new Taiwan dollars] and NT\$25,000. And 38.5 percent said their monthly salaries ranged between NT\$8,000 and NT\$15,000.

Almost 80 percent said their families knew of their "emigration" plans, while another 19 percent kept their plans secret.

An overwhelming 90 percent said they earnestly hoped they could be repatriated as soon as possible now that their hopes of seeking a better life here had been dashed.

Ninety-five percent said they were first-time offenders against Taiwan's entry laws, while 3.1 percent said they had been seized at least once in the past.

About 75 percent of the illegal immigrants are aged between 16 and 35, and 51.8 percent are married.

Up to 77.8 percent came from Fujian Province, which is separated from Taiwan by the Taiwan Straits.

Government tallies showed that 21,476 illegal mainland immigrants were seized between 1987 and 1992, and 19,313 of them were already repatriated by the end of last year.

State-Run Company To Set Up Plant in Paraguay
OW0902102993 Taipei CNA in English 0815 GMT 9 Feb 93

[Text] Kaohsiung, Southern Taiwan, Feb. 9 (CNA)—The state-run China Steel Corp. [CSC] will set up an

alloy steel plant in Paraguay to ensure CSC's steady supply of raw materials, a company spokesman said Monday [8 February].

This will be CSC's first overseas investment calling for capital over US\$10 million. Sixty percent of the capital will come from loans and the remaining 40 percent will be equally shared by the two parties concerned.

The nation's steel industry imports some 150,000 metric tons of alloy steel (material used to refine steel) annually. The spokesman said the CSC made the decision after a feasibility study of Paraguay's investment climate, iron ore production and power supply. The CSC has commissioned by the Ministry of Economic Affairs to make the study.

The investment plan has already been approved by the Executive Yuan, the spokesman said, adding that construction may start as soon as July this year. The projected alloy steel production is 19,000 metric tons a year.

Kuomintang Policy Guidance Group To Begin Work
OW0902044093 Taipei China Broadcasting Corporation News Network in Mandarin 2300 GMT 7 Feb 93

[From the "Hookup" program]

[Text] The planned Central Policy Guidance Group [CPGG] of the Kuomintang is scheduled to begin operations in March. According to a preliminary plan, the CPGG, which will be directly under the party chairman, would have a status higher than that of the central committee and would wield real policy-making powers.

It has been learned that a detail of the draft plan for the organization of the CPGG has been worked out. Its functions would be formulating major party policies, including internal affairs, foreign affairs, mainland affairs, crisis management, and other issues. All major party decisions will be subject to careful study by the group in order to build up a consensus within the party.

A source indicated that the planned CPGG will replace the current weekly meetings of senior party and government officials held on Monday afternoons. The convener of the group will be Hao Po-tsun, a member of the Central Standing Committee, who will soon leave office as premier. Chairman Li will be the group chairman. Other members will include the vice president, premier, secretary-general of the central committee, provincial governor, Judicial Yuan President Lin Yang-kang, and so on.

The source said: The CPGG will also conduct a comprehensive study on matters related to the convening of the 14th party congress as well as the party reform plan. The source said: Chairman Li issued written instructions the other day on a party reform plan jointly prepared by the Central Policy Council and [words indistinct]. The plan

stresses that inner party circles should play a solid role in conducting policy research and providing guidance, and should strengthen coordination with the Legislative Yuan in party and government affairs in the future.

The source added: Although the draft plan for the organization of the CPGG and the party reform plan are completed, they have not yet been finalized. They will be

sent to the party affairs and politics group of the Central Standing Committee for discussion in the near future and then submitted to the Central Standing Committee for approval.

The policy guidance group is expected to be set up and begin operations in mid-March.

Hong Kong

Guangdong Has 'No Plan' To Invite Patten

HK0902031793 Hong Kong WEN WEI PO in Chinese
9 Feb 93 p 2

["Dispatch" from Guangzhou by staff reporting group: "Newly Re-elected Guangdong Governor Zhu Senlin Has No Plan To Invite Chris Patten To Visit Guangdong, and Urges Him To Change to New Ways"]

[Text] Guangzhou, 8 Feb (WEN WEI PO)—Today, Zhu Senlin, who was just re-elected governor of Guangdong Province, said that the Guangdong Provincial Government completely supports the central government's position on the Hong Kong issue.

At a news conference tonight, Zhu Senlin stressed when answering a question raised by WEN WEI PO: The political reform package set forth by Hong Kong Governor Chris Patten violates the Sino-British Joint Declaration, the Hong Kong Basic Law, and the understandings and agreements reached by the Chinese and British sides in the past. He assumed an attitude of antagonism against the Chinese Government.

He said that he hoped Mr. Patten would earnestly listen to the people's opinions, give up his original idea, return to the course of complying with the Sino-British Joint Declaration and converging with the Basic Law, and set no obstacles to the smooth transition of Hong Kong in 1997.

When asked by a reporter whether he would invite Patten to visit Guangdong, Zhu Senlin said: "Governor Patten has never expressed any wish to visit Guangdong, and I have never given him an invitation. Former Hong Kong Governor David Wilson visited Guangdong many times. Under the current conditions, we have no plan to issue an invitation to Patten."

In addition, Zhu Senlin said: The exchange of visits by officials of Guangdong and Hong Kong will still continue. With regard to the water supply to Hong Kong, Guangdong will still have to deal with the British Hong Kong Government, and Guangdong has always attached great importance to this matter because it has a bearing on the lives of 6 million people in Hong Kong. With the completion of the third-phase expansion project of the water supply facilities, Guangdong will further increase the supply of water to Hong Kong, so Hong Kong compatriots should set their minds at rest. In addition, Guangdong and Hong Kong will continue to strengthen their cooperation in cracking down on crime.

Zhu Senlin said: At present and for a certain period to come, economic cooperation between Guangdong and Hong Kong will be strengthened in the following four aspects:

1. Both sides will do a good deal in developing infrastructural facilities. At present, more Hong Kong entrepreneurs will cooperate with Guangdong in various projects of developing energy production, transportation, and communications. The situation in this aspect is very good.
2. Both sides will advance cooperation in developing high and new technology. It is hoped that greater efforts will be made to develop high-tech industries while economic cooperation in expanding manufacturing industry and in other fields continue to advance.
3. It is hoped that Hong Kong will make greater contributions to the development of the tertiary industry in Guangdong. The banking industry can expand its business to the special economic zones and other cities and can also diversify its business operations. The present situation in real estate cooperation is very good. Cooperation can also extend to the field of retail business.
4. It is hoped that Hong Kong's marketing ties with Europe and America can be used in both sides' cooperation in broadening the international market.

State Council Office To Invest in Firm

HK0902070093 Hong Kong SOUTH CHINA SUNDAY
MORNING POST in English 7 Feb 93 pp M-1, M-3

[Article by Kennis Chu]

[Excerpts] Leading Hong Kong merchant bankers and political figures are expressing concern over the setting up of an investment firm led by the Hong Kong and Macao Affairs Office.

They fear that the Hong Kong and Macao Affairs Office's political clout will give the firm an unfair advantage in China business deals.

Some of Hong Kong's biggest tycoons are shareholders in the firm.

Legislator Mr Martin Lee Chu-ming said last night he was prepared to raise the issue in the Legislative Council.

"I don't object to Chinese organisations or companies doing business in Hong Kong or these tycoons teaming up together.

"But politically influenced organisations, like the Hong Kong and Macao Affairs Office, should not run a business in Hong Kong, particularly to trade in the stock market while, at the moment, the market is dominated by political developments."

He added: "I am concerned that the Office might have conflicts of interests when negotiating on political issues with the Hong Kong Government."

Mr Lee said that once the participation of the Hong Kong and Macao Affairs office was confirmed, he would definitely raise the issue in the Legislative Council.

"It is a very bad example (in the run-up to 1997) in Hong Kong Government should express its standing point. If it doesn't, we (the legislators) will do something about that."

A number of brokers are understood to have informally expressed their concern to Government departments.

The brokers said they would write to Governor Mr Chris Patten if the Hong Kong and Beijing governments did not act to prevent the participation of the Hong Kong and Macao Affairs Office in business.

"The presence of the Hong Kong and Macao Affairs Office is extremely undesirable. Government organisations take interests in companies in China, but not in Hong Kong. We hope it doesn't happen after 1997," said a broker.

A mainland investment group headed by Hong Kong and Macao Affairs Office is expected through nominees to hold 40 percent of New China Hong Kong which will be involved in trading, infrastructure, broking and merchant banking.

The Hong Kong and Macao Affairs Office under director Mr Lu Ping is responsible for formulating Beijing's policies towards Hong Kong.

CNT Holdings boss Mr Tsui Tsin-tong is expected to have a 25 percent stake in the firm when shareholdings are finalised.

Other shareholders will read like a who's who of Hong Kong-China business. Cheung Kong's Mr Li Ka-shing, New World's Mr Cheng Yu-tung, Shun Tak's Mr Stanley Ho Hung-sun, Century City's Mr Lo Yuk-sui and Lai Sun's Mr Lim Por-yen are believed to be involved. [passage omitted]

The Hong Kong and Macao Affairs Office in Beijing yesterday would not comment on the above.

New China Hong Kong, registered as a business on November 24, was set up as a result of initiatives by a senior partner of Ernst and Young, Mr Anthony Wu Ting-yuk, and CNT's Mr Tsui. [passage omitted]

Both the Securities and Futures Commission (SFC) and the Stock Exchange of Hong Kong said they would monitor the development of New China Hong Kong.

A spokesman for the SFC said it had yet to receive the firm's application to be a securities or investment dealer.

"But if the application arrives, we will deal with it," he added.

He said the SFC would carefully watch any companies which were involved with Hong Kong-listed companies.

He agreed that companies, like New China Hong Kong, might have conflicts of interest but the SFC could not comment or take any action unless there was a breach of rules.

A spokesman for the stock exchange said any company could apply for a broking licence once the entry requirement was fulfilled. And the exchange would consider each application individually.

Liaison Group Reportedly To Meet 'Next Month'

HK0902062093 Hong Kong CHING CHI JIH PAO in Chinese 9 Feb 93 p 2

[By Chiu Cheng-wu (6726 6134 2976)]

[Text] Although the Chinese Government is still uncertain about whether or not the current Chinese-British dispute over the political structure can be resolved through diplomacy, it is considering some concessions on the holding of talks. A possible concession is that it will no longer insist that the British side rescinds Hong Kong Governor Chris Patten's constitutional reform package before consultations can start.

Reliable information obtained by CHING CHI JIH PAO indicates that, although the Chinese side openly insists that consultations between both sides will be significant only after the Hong Kong governor rescinds his constitutional reform package, it does not in fact object to bringing the Hong Kong governor's package and other proposals to the negotiating table. A meeting may be held through the Sino-British Joint Liaison Group [JLG].

A Television Broadcasts Limited report yesterday said that the British side had formally proposed holding a new round of JLG meetings in Beijing next month. Yesterday, the British Foreign Office was unwilling to confirm this news. The last round of JLG meetings did not yield any results or a communique because the Chinese side maintained that Chris Patten's package violated the Joint Declaration, the Basic Law, and the agreements reached between both sides on the arrangements for 1995's direct elections.

When meeting a delegation from a political group last month, the Hong Kong governor also indicated his flexibility and did not object to bringing his package and other "counterproposals" on constitutional reform to the JLG for discussions. What he could not accept was the demand for the withdrawal of proposals he had already made public. Subsequently, Hong Kong Governor Chris Patten has publicly said that the proposals cannot be regarded as not having happened.

Last month, when meeting Zhang Junsheng, deputy director of the XINHUA Hong Kong Branch, the Hong Kong Association for Democracy and the People's Livelihood asked him about this issue. He did not object but said only that the British would not do so because they thought the Chinese side would not accept Chris Patten's package. [sentence as published]

The Chinese side understands why Chris Patten has said that his package cannot be regarded as something that never happened, but it insists that the letters exchanged

between the two foreign ministers in 1990 cannot be regarded as never happening, also. Bringing Chris Patten's package and his other proposals to the JLG can be considered as the beginning of both sides' discussions on detailed proposals for further discussions subsequent to discussions by the two foreign ministers in 1990. This does not necessarily damage the so-called principled stand of the Chinese side. In this respect, the Chinese side can show some flexibility.

The problem is this: During the negotiations, if the Chinese side immediately vetoes Chris Patten's package from every aspect and does not make any concessions, will the British accept? How will the British side benefit from these negotiations?

The Chinese and British sides have not made a decision on reopening their talks so far, because they are not sure if substantial results or orientation can be obtained from such talks, although they have a willingness for such talks.

In addition, if the British side does not make any move to show its sincerity about consultations, or if Chris Patten's package is submitted to the Legislative Council for debate without amendment, this will make the Chinese side think that the British side is acting willfully and that its other conduct is only putting up a front.

The Executive Council will discuss Chris Patten's package again this morning.

Moreover, yesterday, when meeting a delegation led by Yeung Sun-sai, president of the Kowloon City, Kwun Tong, and Wong Tai Sin Residents' Association of Hong Kong in the Great Hall of the People, Beijing, Chinese Vice Premier Wu Xueqian said that China and Britain should resolve their problems through consultations so as to ensure a steady transition to 1997 and maintain Hong Kong's prosperity and stability. He once again advised Chris Patten to take Hong Kong's interests into account, change to new ways, and return to the orbit of the Sino-British Joint Declaration.

Zou Jiahua Attends Contract Signing Ceremony

OW0802135093 Beijing XINHUA in English 1337
GMT 8 Feb 93

[Text] Beijing, February 8 (XINHUA)—An agreement of cooperation between China's electronic industry and the New World Development Ltd. of Hong Kong was signed here today.

Meanwhile, the China Zhenhua (Beijing) Electronic Industry Corp. and the New World Development Ltd. also signed a contract for the construction of an electronics project.

According to the agreements, the Zhenhua Corp. and the New World Development Ltd. will invest a total of 450 million yuan (76 million U.S. dollars) for the construction of a mansion of electronic products in Beijing on an area of 60,000 square meters.

In addition, the two sides will also cooperate in high and new technology, urban transformation and development and other areas.

Chinese Vice-Premier Zou Jiahua was present at the signing ceremony of the agreements, which was held at the Great Hall of the People.

Prior to the ceremony, Zou met with Cheng Yu Tung, chairman of the New World Development Ltd. and Cheng Kar Shun, general manager of the company. Both have been here to attend the signing ceremony.

Zou expressed the welcome and appreciation to them for their investment in the mainland.

Chinese Minister of Machine-Building and Electronics Industry He Guangyuan, Vice-Ministers Zeng Peiyan and Hu Qili, and General Manager of China Zhenhua Group Corp. Liu Shengzu were present at the meeting.

The Hong Kong New World Development Ltd. is one of the five Chinese-funded consortiums in Hong Kong. It has put investment in many projects in the mainland since the 1980s. Its total investment in the mainland in the past three years alone surpassed 4.8 billion yuan (over 800 million U.S. dollars) and 5.4 billion Hong Kong dollars.

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